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NEWS SUMMARY

GENERAL

Mulder accuses Vorster of lying

Information Department in South Africa took a serious turn when Dr. Mulder, the disgraced Minister for Information, broke his silence and accused Mr. John Vorster, the State President, and Senator Owen Horwood, Finance Minister, of lying about their involvement in the affair.

Mulder claimed that both knew of plans for the State funding of the pro-government newspaper, the Citizen, long before they said they did. His allegations coincide with an attempt in the Johannesburg Parliament to have Mr. Vorster impeached for his role in the scandal.

The resignation of Mr. Mulder and the National Party government are now seen as a possibility. Back Page

Uganda curfew

Ugandan authorities imposed a dusk-to-dawn curfew on the capital and closed its main airport at Entebbe as Ugandan forces claimed they had opened fire on the airport and ... Page 2

Murder tip

... police have received a tip that two IRA men, said to have been involved in the murder of Sir Richard Sykes, Ambassador to Holland, are now in Belfast.

Deal for Kurds

... religious and Government leaders have agreed on a joint plan to give more ... to the country's ... many of whom staged a three-day uprising last ... in the western town of ... Page 2

Tesco chief dies

... John Cohen, president of Tesco Stores (Holdings) has died aged 80. He started with a stall in Hackney in 1919 and built one of the UK's biggest ... chains using the ... "Pile it high, sell it cheap." Obituary, Page 4

Dissident wins

... Soviet dissident now living in ... has won a four-year battle to be reunited with her ... psychiatrist Dr. Marina ... has been told her 13-year-old son Misha has been ordered to leave the ...

Rail fare rise

British Rail has decided to raise fares again in September. The ... of the increase will not be ... until June but preliminary figures suggest a ... of 7.5 to 12.5 per cent. Page 2

Bhutto appeal

... nine EEC countries called for clemency on behalf of Mr. Bhutto, the former Pakistan Prime Minister, after the Supreme Court decision that his death sentence should stand. Page 2

Election bets

... bookmakers, Joe Coral, report considerable backing for a General Election in May. Among bets taken was one of £2,000 ... another of £250 from an ... at present in the U.S.

Briefly . . .

... Dorset, company has received an order for 10m lipstick containers from the Soviet Union.

Greece celebrated the 158th anniversary from Turkish rule with a show of military strength in Athens and church services.

Ex-convict Roy Catchpole preached his first sermon as a curate at St. Martha's Church at Broxtowe, Nottingham.

BUSINESS

France to face jobs cut and inflation

● OECD in its annual review of the French economy, has predicted that French unemployment will continue to rise this year, while inflation would remain about 9 per cent. Back Page

● EEC Farm Ministers meet in Brussels today to negotiate farm prices for the next marketing year and are expected to approve use of the European Currency Unit introduced with the EMS. They are also expected to approve devaluation of the "green" currency rates, giving farmers higher incomes and raising food prices. Page 2

● VISCOUNT ETIENNE DAVIGNON, European Commissioner for Industry, he replied sharply to British allegations that the EEC is weakening in its determination to protect European textiles from outside competition. Page 2. Mr. John Smith, Trade Secretary, is expected to allay textile industry fears over the EEC multi-lateral trade negotiations today. Page 4

● FT GROCERY PRICES index rose 0.5 per cent in the last month bringing annual increase to just over 9 per cent. Page 9

● BRITAIN'S MERCHANT shipping fleet has continued to decline sharply this year, with the loss of almost 500,000 deadweight tons in January alone. Page 9

● NEWS INTERNATIONAL, owners of the Sun and News of the World newspapers, have received Government approval for a £50m development in London's docklands. Page 4

Krupp to build mill at Kursk

● KRUPP of Essen is to build an electric steel plant at the Soviet iron and steel complex in Kursk, Russia, which is due to start operating in 1982.

● EUROCURRENCY syndicated loan to Poland, agreement on which is likely to be signed in London on March 30, has been increased from $500m. to $550m. Page 25

● U.S. NUCLEAR Regulatory Commission has approved shipment of 16.8 tons of enriched uranium for the Tarapur nuclear power station near Bombay after a 13-month delay. Page 16

● HONG KONG'S visible trade deficit widened sharply in February to HK$1.87bn, reflecting a 43.3 per cent increase in imports against February 1978.

LABOUR

● ICI FIBRES plant workers at Doncaster will decide tomorrow their next move in a dispute which has stopped production for a week. Page 4

● OPENING of British Steel's £100m ore terminal at Hunterston, planned for June 5, may be delayed by an inter-union demarcation dispute. Back Page

● MINERS' union leaders were expecting a big majority to vote for acceptance of the pay offer, worth just over 9 per cent. Page 4

COMPANIES

● KAISER STEEL, which made a loss of $4.5m on revenues of $173.9m in the March quarter of 1978, expects the first quarter of this year to be better. Page 25

● MONTEDISON SpA, parent company of Italy's largest chemical group, is expected to report a loss of about L255bn last year against L509bn in 1977, partially reflecting recovery in the chemical sector in the last quarter of 1978. Page 25

● L. M. ERICSSON, the Swedish telecommunications group, reported a 30 per cent rise in 1978 pre-tax profit to SKr 721m ($166m) from SKr 553m in 1977. Page 25

Top Bank of Italy men may quit over arrest of official

BY PAUL BETTS IN ROME

THE TOP management of the Bank of Italy—including Dr. Paolo Baffi, the central bank governor, Sig. Carlo Ciampi, the director general, and Sig. Alfredo Acerbo, a joint deputy director general—has threatened to resign en bloc.

This follows the arrest this weekend of Sig. Mario Sarcinelli, the central bank's other joint deputy director general, in connection with judicial investigations into alleged irregular subsidised loans made to one of Italy's major chemical groups, the financially troubled Societa Italiana Resine.

At the same time, Dr. Baffi has been summoned to appear before magistrates investigating the protracted SIR affair on similar charges of allegedly "aiding and abetting irregular private interests in official actions."

In a statement after the arrest of Sig. Sarcinelli on Saturday, the top management of the Bank of Italy firmly denied any irregularities on the part of the bank, which, it claimed, "had always acted in the complete interest of the public."

It said it was "confident" that the judicial authorities would "recognise the groundlessness of the charges and would release Sig Sarcinelli to continue his activities" at the bank.

However, the statement bluntly warned that should this not happen, the central bank's top management would feel compelled to resign.

For their part, Bank of Italy staff in Rome and at the bank's provincial branches are to hold an unprecedented 24-hour strike today in protest against the decision of the Rome magistrates and in solidarity to the top management of the bank.

Sig. Filippo Maria Pandolfi, the Treasury Minister, spoke on television this weekend warning of the possible grave domestic and international repercussions of the decision to incriminate Sig. Sarcinelli and to summon Dr. Baffi to appear before the magistrates.

In a strongly worded address Sig. Pandolfi defended the top management of the bank and said he had "complete faith" in it.

He urged, "in the public interest," a rapid solution of the affair to enable the Bank of Italy "to resume fully its crucial functions" especially at a particularly difficult time for the country now in the throes of a complex political crisis with the threat of an early general election and the sudden tragedy of Sig. Ugo la Malfa, the new Deputy Prime Minister, who has a brain tumour and is fighting for his life.

The charges against Sig. Sarcinelli and Dr. Baffi were issued by Sig. Antonio Alibrandi, one of the magistrates involved in the SIR investigations. Sig. Alibrandi accused the two top Bank of Italy officials of allegedly failing to inform the judiciary about the findings of a central bank inquest into subsidised loans granted to SIR by the Sardinian credit institute, Credito Industriale Sardo.

Sig. Sarcinelli holds responsibilities for the Bank of Italy's vigilance committee which has powers to investigate into the regularity of such loans.

Investigations into allegations that SIR, Italy's third-largest chemical group, allegedly made improper use of low interest rate subsidised credits granted to it by a number of Italian special-credit institutes, including, among others, Istituto Mobiliare Italiano and CIS, were opened some 18 months ago.

The events of this weekend are now likely to complicate even further the painful efforts underway to attempt to rescue the chemical group.

The collapse of the group, which has accumulated debts of some L3,000bn or close on $3.4bn, could not only have severe repercussions on employment in a number of depressed areas of Southern Italy, including especially Sardinia, but could clearly threaten the credibility of the Italian banking system, now trying to set up a consortium of SIR creditor banks to take control and launch a rescue plan

Government may be two votes short of survival

BY PHILIP RAWSTORNE

THE GOVERNMENT still appeared last night to be two votes short of the number that would enable it to survive Wednesdays confidence vote in the Commons.

As Mr. James Callaghan at Chequers pondered the prospect of a May general election, his Parliamentary managers yesterday urgently re-calculated the permutations on the Commons line-up.

The Government Whips believe that they can muster 312 votes: 308 Labour and Scottish Labour MPs; three Welsh nationalists; and one Ulster Unionist, Mr. John Carson.

Demands from the Welsh nationalists for guarantees before the vote about the introduction of the compensation Bill for Welsh quarrymen will be met.

Mr. Carson has indicated that he will support the Government because of its aid to the Harland and Wolff shipyard in his North Belfast constituency. He will not be a candidate at the next election and is therefore less likely to yield to Unionist pressure to change his mind.

Against that Government strength, Conservative Whips estimate that their 281 MPs will be joined by 13 Liberals and 11 Scottish nationalists.

Waverers in the minority parties were said at the weekend to be ready to vote with the Conservatives.

Eight of the remaining nine Ulster Unionists, urged on by their constituency parties, seemed certain to do likewise.

With eight Ulster votes, Mrs. Margaret Thatcher would command a total of 313 and leave the Government's slim hopes of survival resting on three other Ulster MPs; Mr. Enoch Powell, Mr. Gerry Fitt and Mr. Frank Maguire.

No one on the Tory side yet counts on Mr. Powell's vote, although if he defies his colleagues it would greatly endanger his prospects of retaining a seat in Ulster.

Mr. Fitt, angered by the Government's recent policy in Northern Ireland, repeated his intention to abstain. Although "unspeakably sad" that his abstention might bring the Government down, Mr. Fitt would consider voting for it only if Mr. Roy Mason resigned as Northern Ireland Secretary.

Mr. Frank Maguire, the Ulster Independent, is expected to abstain also.

Although the balance seemed to have tilted further in their favour, it was still so finely poised that the Conservatives last night remained cautious.

● **Mr. Denis Healey, the Chancellor, faces complications in framing even a minimum Budget—due on April 3—if there is an early general election. It is assumed a short Finance Act will have to be passed before the dissolution of Parliament but the problem is determining what is a "care and maintenance" Budget. Meanwhile the remaining industrial action in the hospitals and ambulance service is likely to be called off this week because of the perilous state of the Government. But disruptive action by civil servants could continue.**

Back Page

● **Clear indication of how the Conservatives will fight the election was given at the weekend to party workers at their conference in Solihull. Senior Tories are considering plans to merge the Departments of Trade and Industry if they win.**

Page 3

Evans warns Tories against taking anti-union line

BY CHRISTIAN TYLER, LABOUR EDITOR

THE CONSERVATIVES were warned yesterday by Mr. Moss Evans, the transport workers' leader, that an anti-union election campaign exploiting the winter's troubles would have a "boomerang effect."

Mr. Evans and other general secretaries of the biggest trade unions affiliated to the Labour Party meet on Wednesday—only hours before the House of Commons confidence vote—to review joint union plans for an election campaign in support of Labour.

Union leaders are responding both to the possibility of an early election and to the likelihood that trade union reform will be high on the Conservatives' list of election issues.

Their Trade Union Committee for Labour Victory, set up to prepare for an election last October, is designed to rebut Conservative pronouncements about union behaviour as well as to co-ordinate trade union speeches and canvassing in the 100 marginal constituencies.

Many of the unions have already given, or pledged, large sums for Labour's campaign.

They are expecting a hard campaign on the issue of labour law reform.

Yesterday Mr. Evans accused the Conservatives of doing their utmost to exploit the winter's difficulties. "That is despite the fact that we have been able to get through without the sort of measures that would have been introduced by a Tory Government."

He added: "I think there is likely to be a boomerang effect. Most serious-thinking people will see much of it as a sort of election gimmick."

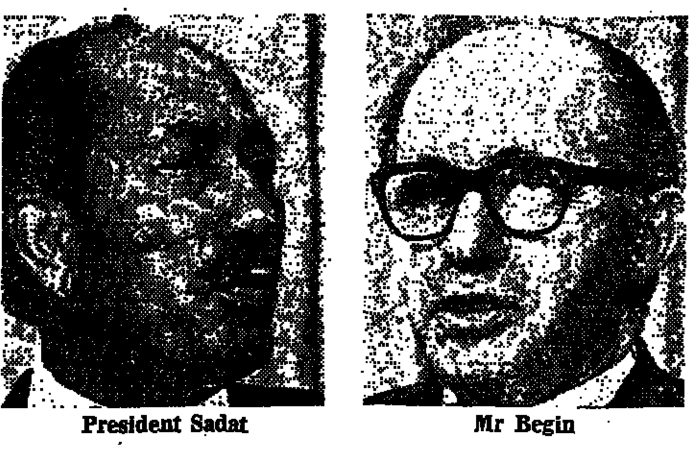
Mr. David Basnett, of the General and Municipal Workers' Union, and chairman of the joint campaign committee, said he had the impression that the Conservatives would be legislating more widely than they have formerly said, without "making the mistake of a grand assault like the Industrial Relations Act."

Both were adamant that the recent TUC-Government statement on the economy and industrial conduct—the "concordat"—was not transferable to the Tories. "If they want an understanding they will have to start from scratch," Mr. Basnett said.

Mr. Alan Fisher, of the National Union of Public Employees, said the Conservatives looked as if they were going to be much tougher than people had supposed. "It looks as if Farmer Prior has lost the day and the industrial relations hawks have won it," he said.

Mr. James Prior, shadow employment secretary, has spent much of the period of Opposition building bridges with the unions. He and his colleagues argue that a union-bashing campaign could rebound on the Conservatives, but see little hope of winning that argument if there is an early election. Mr. Prior's future in the front-bench team could also be in doubt.

Mr. Basnett, Mr. Evans, and other TUC leaders will be meeting Ministers today in the forum of the TUC-Labour Party liaison committee for an agenda covering economic growth, new technology and unemployment. The TUC general council holds its regular monthly meeting on Wednesday when a report of the latest round of economic talks with Ministers is expected.



President Sadat — Mr Begin

Middle East signing today

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. MENAHEM BEGIN and President Anwar Sadat of Egypt were to confer in Washington last night in an attempt to resolve what the Israeli Prime Minister described as the sole remaining issue dividing the two nations, the future of the Sinai oilfields.

The meeting is taking place on the eve of the historic treaty-signing ceremonies set for the White House lawns this afternoon, and comes after a weekend of hectic last-minute negotiations between Mr. Begin and Mr. Cyrus Vance, the Secretary of State, in New York.

In a television interview yesterday Mr. Begin was optimistic that the proposal he would put to Mr. Sadat at the Egyptian Embassy would be accepted and the treaty signed at the time fixed.

But in a separate television appearance Mr. Moshe Dayan, Israeli Foreign Minister, said that in his personal opinion Israel should not complete a peace treaty with Egypt if the oil issue were not satisfactorily settled.

Mr. Dayan confirmed that the nub of the dispute was when Israel should withdraw from the Sinai oilfields. Israel wants to retain them until the first stage of the Sinai evacuation is completed, that is for nine months, whereas Egypt wants to take over the Facilities six months after the treaty is signed.

The Foreign Minister expressed reservations about whether Israel would be able to buy oil from Egypt in the future.

Egypt has conceded that Israel has the right to bid for Sinai oil at international prices, but Mr. Dayan said that this did not ensure that Egypt would sell oil to Israel, and both Mr. Begin and Mr. Dayan insisted that Israel had to enjoy this certainty despite the U.S. guarantee to supply Israel with oil for up to 15 years if necessary.

Official Washington is already deep in the throes of preparing for the great event: a massive marquee has appeared on the south lawn of the White House for to-night's State Banquet, to which 1,300 guests have been invited, many representing leading corporations and institutions which have been asked by the Administration to help defray the cost of the exercise.

Mr. Begin confirmed in his interview yesterday that Mr. Sadat and Mr. Carter had agreed to the Israeli position that there should be additional signing ceremonies in Jerusalem and Cairo.

But looking further ahead Mr. Begin did not attempt to minimise the negotiating difficulties still confronting Egypt and Israel in implementing the peace treaty, especially the movement toward autonomy for Palestinians on the West Bank and in the Gaza Strip.

At the weekend, in separate broadcasts to the Egyptian and Israeli peoples, Mr. Carter had implied that if the Palestine Liberation Organisation accepted the reality of an Egyptian-Israeli agreement, the U.S. could deal with it in subsequent negotiations.

But Mr. Begin adamantly repeated that he would have nothing to do with the PLO, and that if the U.S. did, that would be "a black day" for he world.

He said he had no intention of allowing into Israel a three-man observer team from the United Nations, recently recommended by the Security Council. He described this as "an obnoxious Jordanian initiative" concocted by the enemies of Israel.

While declining to disclose what Israel would propose in the autonomy negotiations, Mr. Begin did say that once the treaty was signed and finally cemented by the Egyptian authorities in about two weeks' time, he would propose to Mr. Sadat that the borders between the two countries be completely opened.

Mr. Sadat, who was given a rapturous welcome on his arrival here on Saturday, has no formal engagements until his meeting with Mr. Begin.

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Gromyko probes Arab intentions Page 2

OPEC delegates split on oil rise

BY RICHARD JOHNS

THE ORGANISATION of Petroleum Exporting Countries starts consultations in Geneva today on prospects for the oil market and pricing policy. Delegates are more uncertain about the outcome of their deliberations than at any time since the end of 1973.

The odds are that no decision on official prices will be made, and that for the time being OPEC will leave it to the market to sustain high rates, according to the Petroleum Minister of one leading member State.

"The market is holding up well and perhaps it is better that we just take what we can get—it's not a bad arrangement" he said.

One major cause of confusion on lack of any firm indication about future production rates of Saudi Arabia and Iran. Particularly crucial is whether the kingdom will restore the limit on output of its main fields to 8.5m barrels a day.

The Iranian delegation evidently does not know how much production is required for its Government's financial purposes, or how much its oil workers will permit.

An increase of 3.8 per cent in basic official price will come anyway from April 1, in conformity with the last OPEC ordinary conference in Abu Dhabi in December, bringing the price of Arabian light "marker" crude to $13.84.

Saudi Arabia has still not revealed her position, and is believed not to have formulated one before this consultative meeting, which would have to be upgraded to an extraordinary conference to adopt any formal resolutions.

Demand pressures would be intensified if it reimposed the 8.5m-barrels-a-day ceiling on output in force since early 1978.

To make good the shortfall since the halt to Iranian exports, only recently been resumed, it permitted an extra 1m monthly in the first quarter.

Delegates here for the consultative conference believe Saudi Arabia may have no choice but to align herself with other members to some extent, if only by imposing a "temporary surcharge" like Kuwait and Iraq, which slapped on $1.20 for their crudes this month.

It could be justified by market conditions and need for rationalisation of the chaotic price structure. Maintaining a posture of moderation, the Kingdom could still claim that it had exercised restraint to prevent an official rise in the base price.

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OVERSEAS NEWS

Italy's deputy Premier in hospital after stroke

BY RUPERT CORNWELL IN ROME

ITALY's eight-week Government crisis has taken a more serious turn with the suden illness of Sig. Ugo La Malfa, the 75-year old deputy Prime Minister. Last night he was fighting for his life after a stroke.

Doctors held out little hope for his recovery. He remained in a deep coma in the clinic to which he was taken after suffering what was officially described as a "massive cerebral thrombosis" at the weekend.

The news came as a further shock to Italy's politicians, already disturbed by the announcement that warrants and summonses had been issued against senior officials of the Bank of Italy.

The loss of Sig. La Malfa, leader of the Republican Party, is a heavy blow to the limited credibility of the Government formed last week by Sig. Giulio Andreotti. The Republican Party wields influence out of proportion to its 3 per cent of voting support largely because of Sig. La Malfa's personal standing.

For Sig. Andreotti it means the loss of his most widely respected colleague. Sig. La Malfa was in charge of overall económic strategy in an administration already under attack by the Socialists and Communists and from sections of Sig. Andreotti's Christian Democrats.

Before Sig. La Malfa's illness it had been assumed that the Government would fall at a vote of confidence within about 10 days, and that general elections would follow. It is possible that the validity of the Government may now be challenged on the ground that its original balance has been upset by the absence of the Republican leader. There might be demands for a further attempt to avoid elections.

Gromyko probes Arab intentions

BY IHSAN HIJAZI IN BEIRUT

MR. ANDREI GROMYKO, the Soviet Foreign Minister, continued talks in Damascus with President Hafez Assad of Syria yesterday with the aim of finding out what action Syria and the other Arab states intend to take in pursuit of their opposition to the Egypt-Israel treaty.

The Soviet Union's relations with Syria and Iraq have been cool recently and Moscow has been kept in the dark about the two countries' intentions. Relations between Iraq and the Soviet Union are particularly bad and there is a serious breach within Iraq between the ruling Ba'ath Party and the Soviet - oriented Communist Party.

Louis Fares reports from Damascus: Mr. Gromyko's visit was at Moscow's initiative and comes after the sending of personal letters from President Leonid Brezhnev to King Hussein of Jordan, President Assad and Yasir Arafat of the Palestine Liberation Organisation. The tone of official statements on the talks indicate that the two sides are determined to overcome their differences.

Syria is embarking on a diplomatic offensive against the Egypt-Israel treaty. President Assad has sent letters to many heads of state, including those of France, China, Yugoslavia and Romania, saying that the treaty will lead to increased tension in the Middle East. He adds that a just settlement of the Palestinian problem and a lasting peace can only be achieved by Israel's withdrawal to pre-1967 borders and the establishment of a Palestinian state.

Diplomas believe that Syria is considering moving many of its 30,000 troops in Lebanon to the Golan Heights. They say that some troops have already left Lebanon and President Elias Sarkis has been urged to take his own measures to ensure peace in Lebanon. Syria is not, however, expected to remove its troops from vital roads in Lebanon which would provide Israel with an invasion route by-passing the Golan Heights.

A conference of Arab foreign and Economic Ministers is due to take place in Baghdad tomorrow to discuss the implementation of sanctions against Egypt. Officials here say that sanctions are not enough because the Arabs are facing a military alliance of Egypt, Israel and the U.S.

They add that Syria is co-ordinating its actions with Jordan and Saudi Arabia.

Tehran concessions to Kurds

BY SIMON HENDERSON IN TEHRAN

AGREEMENT on a formula to confirm the ceasefire between troops of Iran's central Government and leaders of the Kurdish community in the provincial capital of Sanandaj, was announced by Tehran radio yesterday.

Under the seven-point formula the Kurds and other minorities are assured of a part in the formulation of a new constitution to be drawn up after next Friday's referendum on the establishment of an Islamic republic. They are also promised freedom to run their own affairs, to practice Kurdish customs and to promote cultural activities, including the teaching of the Kurdish language in schools.

The settlement smooths over the separatist tendencies in Kurdistan and other provinces in the days leading up to the referendum. But Ayatollah Khomeini, the country's religious leader, still faces conventional political opposition to the vote, in which the electorate is likely to be asked simply: "Do you want an Islamic republic or not?"

A tape-recorded message from Dr Shahpour Bakhtiar, the last Prime Minister appointed by the Shah, has been sent to Western journalists in Tehran. It calls on people not to vote for an Islamic republic because it is an unknown quantity. Dr. Bakhtiar, who has been in hiding since the revolution last month, said a dark shadow was hanging over the country's future. A new dictatorship had replaced that of the past.

There has been no official reaction. Ayatollah Khomeini claimed previously that the former Prime Minister had fled the country and would be tried for treason if captured.

Nevertheless, a substantial "yes" vote is expected in the referendum. The danger remains that during the drawing-up of the constitution, Kurdish groups and others, like the Azerbaijanis, Baluchis, and Turkomans, may be tempted to use force to back demands for autonomy.

Ayatollah Khomeini and the Prime Minister, Dr. Mehdi Bazargan, have been slow to appreciate the strength of provincial feelings.

The Sanandaj agreement was negotiated by a delegation led by Ayatollah Talegani, a Tehran religious leader known for his moderate views and contacts with diverse political groups.

W. German wage rises agreed

By Jonathan Carr in Bonn

WAGE AND salary agreements for nearly 3m West German workers were reached this weekend—a further key stage in this year's wages round which has gone fairly smoothly in all sectors but steel.

Around 2.2m employees in the public services sector, including post and railway workers, are to gain increases of 4 per cent and a doubling of holiday money to DM 300. This works out at an average increase of 4.5 per cent, backdated to March 1.

In separate talks, it was agreed that the country's 570,000 chemical workers would gain wage and salary rises of 4.3 per cent, the accord to cover 13 months. Steps to cut working hours from 1980 were also decided.

Talks in the printing industry are continuing today with the employers offering a 4 per cent higher wage and the union demanding 6 per cent.

AP-DJ reports from Kronberg, West Germany: The Finance Ministers of Switzerland and Austria said their countries will not seek full membership of the European Monetary System.

But Dr. Hannes Androsch, the Austrian Finance Minister said his country would like to obtain observer-status in the EMS and intends to restrict fluctuations of the Austrian Schilling to the same 4.5 per cent bandspread that applied in the EMS.

The ministers were speaking at a Press conference at the weekend during consultations with Herr Hans Matthoefer, the West German Finance Minister.

EEC calls for clemency as Bhutto's time runs out

BY CHRIS SHERWELL IN ISLAMABAD

AS PAKISTAN'S military Government begins its last steps towards hanging the country's deposed Prime Minister, Mr. Bhutto, the nine countries of the European Community have delivered a collective appeal for clemency on his behalf.

The appeal was lodged on Saturday, shortly after the Supreme Court decided that the death sentence against Mr. Bhutto should stand. It is thought to have been a verbal appeal made on humanitarian grounds, and it contained the customary caveats about non-interference in Pakistan's internal affairs.

Official Supreme Court papers were despatched after Saturday's proceedings to the Lahore High Court which tried him. The next step will be for Mr. Bhutto to be officially notified of the final outcome of his protracted court battle. Seven days after notification, a date for execution can be set.

Saturday's judgment appears to represent a compromise between the majority of four judges who found Mr. Bhutto guilty and sentenced him to death and the three-man minority which acquitted him.

All seven were able to adhere to the requirements of precedent and come out unanimously to reject Mr. Bhutto's petition for a review of the judgment. But a key phrase inserted in both the majority and minority opinions suggested that arguments for lightening Mr. Bhutto's sentence were relevant for consideration by the executive in the exercise of the prerogative of clemency.

This means the court has offered General Zia ul-Haq, Pakistan's military ruler grounds for commuting the sentence without losing face, if that is what he wants.

The Pakistan Government has lodged a strong protest with Afghanistan over an incident on their common border earlier this month when 60 shells are reported to have been fired from Afghan territory, landing near a refugee camp two miles inside Pakistan.

High turnout in French local poll

BY TERRY DODSWORTH IN PARIS

THE FRENCH Socialist Party was expected to emerge as the largest single party in the second and final round of the cantonal elections held in a little more than 1,000 local authority constituencies yesterday.

As in the first round of voting a week ago, preliminary indications were of a relatively high poll — more than 60 per cent — for an election of this kind. But in the second round, electors are being offered a much more clear cut choice between Right and Left because of pacts between the party groups of each side to support the candidate with the best chance of success.

These agreements mean that in the vast majority of constituencies voters will be presented with a straight choice between Government coalition candidates (either the UDF, President Giscard d'Estaing's supporters, or the Gaullists RPR), or the opposition Socialist and Communist parties.

Farm price battle begins

By Margaret Van Hattem in Brussels

THE ANNUAL battle to fix EEC farm prices for the next marketing year gets under way here today as Community farm ministers meet for their first substantive session to negotiate Commission proposals.

But despite hopes among the French that the whole package of measures may be settled this week, there appears to be little chance at this stage that the meeting will do more than set the formal seal on currency arrangements decided at previous meetings.

The ministers are expected to approve the use, in farm pricing, of the new European Currency Unit (ECU) introduced with the European Monetary System. They are also expected to approve devaluation of the "green" currency rates used to convert EEC common prices into national currencies for Britain, France, Italy and Ireland, giving farmers in these countries an immediate price rise. Last minute opposition from France could still block these measures, but the general mood here is optimistic.

However the Commission's proposal for a price freeze for 1979-80 and for a tax on milk production, aimed at curbing the Community's biggest farm surplus, could still take weeks if not months to settle.

Ministers are not expected to do much more today than take up the positions they will defend over the coming weeks. From behind-the-scenes negotiations of the past few weeks, it is already clear that Britain and France are heading for a clash. France is determined on a general price rise of 2 to 2.5 per cent which would enable Germany and the Benelux countries to revalue their green rates by a corresponding amount, thus cutting the subsidies on their exports without reducing their farm prices. The French feel this would vindicate their action in blocking the EMS for three months, which was aimed at cutting the subsidies.

Britain, on the other hand, insists it will accept nothing but a common price freeze, as proposed by the Commission.

Entebbe airport closed

Ugandan authorities yesterday imposed a dusk-to-dawn curfew on the country and closed its main airport at Entebbe, Radio Uganda announced, Reuter reports. The radio, monitored in London, said any aircraft violating Ugandan airspace would be shot down.

According to diplomatic sources in Nairobi, Tanzanian troops and armed Ugandan exiles have been advancing towards the Ugandan capital of Kampala and Libyan troops who were guarding Entebbe International Airport were reported to have disappeared.

China 'still fighting'

Vietnam has accused Chinese troops of having occupied more Vietnamese territory in recent days and said there would be no negotiations with Peking unless the troops were withdrawn.

"Now they are holding more than 30 positions and areas against an earlier total of 18, some of these lying well inside Vietnam,"—The North Vietnamese Communist Party daily.

Turkey aid

The scope of the multinational emergency programme designed to help Turkey pull itself out of severe economic difficulties should be significantly expanded, Mr. Emile van Lennep, OECD secretary general, said in Ankara. The new programme would embrace international organisations and banks as well as debt rescheduling and the reactivation of export guarantees, Metin Munir writes from Ankara.

UANC invites Wilson

Bishop Abel Muzorewa, widely tipped to win next month's elections, has invited Mr. Harold Wilson, former British Prime Minister, to come to Rhodesia and observe the voting. A Rhodesian newspaper said the Bishop's party had also invited Mr. Francis Pym, the British Opposition Conservative Party's Shadow Foreign Secretary.

Rhodesia talks end

British and U.S. envoys failed to end the deadlock between Rhodesia's transitional government and Patriotic Front guerrillas after three days of talks here, informed sources said.

WORLD TRADE NEWS

British investment overseas drops but inward flows rise sharply

BY MARGARET HUGHES

OUTWARD DIRECT investment overseas by British companies (excluding oil companies) fell by more than £300m in 1977 to £1.79bn. This was 15 per cent down on the 1976 peak though still some 10 per cent up on the previous peak in 1974, the Department of Trade reports in its survey Overseas Transactions 1977. Investment in all overseas countries contributed to this decline.

Net earnings on this investment also declined in 1977 from the 1976 peak—by 4 per cent to just under £2.3bn. Preliminary estimates for 1978 suggest that there was a partial recovery of 7 per cent in net outward investment but there appears to have been a further fall of 1 per cent in net earnings.

However, while outward investment declined in 1977, inward investment rose sharply—by over £500m to nearly £1.33bn. This was some 50 per cent higher than the previous peak reached in 1974. Investment from Western Europe accounted for one third of the total with just under three-quarters of the investment from this region in the manufacturing sector. Investment from North America accounted for only about half of the total compared with 65 per cent in the previous year.

Net earnings on investment by overseas companies also rose sharply by just over one-third to a peak of £1.4bn. But initial estimates for 1978 indicate there was virtually no further increase in net inward investment above the 1977 level and only a rise of 2 per cent in net earnings.

The survey states that changes in the value of sterling against other currencies probably had little effect on the comparison of net outward investment and earnings between 1977 and 1976. But because the average sterling exchange rate for outward investment for 1978 as a whole was 7 per cent higher, the sterling value of outward investment and earnings will have been depressed in 1978.

One of the main reasons given for the fall in outward investment during 1977 was a large rise in borrowing from overseas subsidiaries from £70m in 1976 (and in 1975) to £380m in 1977. This meant that the increase in the amount due to UK parent companies on inter-company account from overseas subsidiaries was only £3m in 1977 against £121.8m in 1976.

The other main cause was a fall of nearly £170m in the unremitted profits of overseas subsidiaries and associates (due partly to lower profits and partly to higher dividends) and to the lower net acquisition of share and loan capital of overseas subsidiaries and associates.

All the main geographical areas contributed to the fall in outward investment. In Western Europe it was nearly 20 per cent down on 1976 with the EEC accounting for the bulk of this due mainly to a large reduction in net investment in the Netherlands resulting from UK borrowing from Netherlands' subsidiaries. There was a small rise in investment in manufacturing largely due to the chemicals sector.

In North America net investment was just under £30m lower despite an increase of over £120m in non-manufacturing industry due mainly to higher investment in insurance. Net investment in manufacturing fell by over £150m. The bulk of the reduction of nearly £100m in other developed countries was in investment in South Africa which fell from £201m to £107m. Net investment in the rest of the world fell by only £70m despite a £200m rise in borrowing from overseas subsidiaries in the Caribbean.

The fall in net earnings in 1977 was mainly due to lower profits from UK companies' manufacturing operations in developed countries. Net earnings from Europe were 10 per cent lower, virtually all due to lower earnings from the EEC where there were substantial falls in earnings in France, West Germany and the Netherlands.

Net earnings from North America increased, however, by 4 per cent. But this was mainly due to higher insurance earnings and most industries showed a reduction or little growth. Of the other developed countries only net earnings from Japan which the report comments tends to be volatile, showed a rise. Earnings from the rest of the world rose slightly — by 2 per cent — with increases in Africa and Asia being partly offset by falls in the Caribbean, Central and Southern America.

Turning to the sharp rise in inward investment, the survey states that over half of this was due to higher unremitted profits. And while net investment from developed countries increased in 1977 there was a small net disinvestment from the rest of the world. Investment from Western Europe, which more than doubled from the peak of £215m in 1976 to £443m, accounted for over one-third of the total inward investment. It was the first time since 1971 that well over half the net investment from Western Europe went into UK manufacturing industry. The EEC accounted for just under a quarter of inward investment into the UK with net investment up 80 per cent on the 1976 peak.

Meanwhile net investment from North America rose by just over one third to around £640m but accounted for only about half of the total compared with 65 per cent in 1976. All the increase was in manufacturing industries. Japan and South Africa accounted for the turn round in investment from other developed countries which totalled £160m compared with a disinvestment of £11m in 1976. In the case of Japan there was a net inflow for the first time in four years.

The sharp rise in net earnings from inward investment largely reflects the increase in the value of UK company profits in 1977 with all of the increase being accounted for by rises of just over 40 per cent in earnings on investment from W. Europe and N. America. Earnings on investment from other developed countries were slightly lower due to a drop in earnings of Japanese investment, while earnings by the rest of the world were only about half the level in 1976.

UK extends aid to save Sudan sugar project

By James Buxton

BRITAIN IS providing £850,000 in aid to rehabilitate a sugar factory in Sudan which was completed by a British company less than two years ago.

The factory, at Sennar, 170 miles south of Khartoum, was built on a turnkey contract by Fletcher and Stewart, a subsidiary of Booker McConnell. Because of incompetent management and lack of maintenance by the state-owned Sudan Sugar Corporation it suffered severe technical problems and last year produced only 34,000 tons of sugar against a design capacity of 110,000 tons. There have also been problems with the agricultural side of the irrigated scheme.

The Sudan Government turned to Britain last year and the Overseas Development Ministry sent in a team of consultants. It found the factory in a worse state than had been expected, with one boiler having exploded. "The plant looked as if it was 20 years old," one source said.

At ODM's request Fletcher and Stewart sent in a team early this year to repair the plant, provide spare parts and train Sudanese management to operate it. Britain is providing £330,000 for the repairs and £525,000 for the expatriate team which had to be assembled, flown in and accommodated in prefabricated housing at three weeks' notice.

The current financing is expected to run out in about August, and ODM is expected to decide on the basis of a further report from the consultants' whether to finance a small expatriate team to support the factory and supply preventive maintenance for a further three-year period.

Fletcher and Stewart made what the managing director, Mr. John Davies, called a "large loss" on the building of the factory, which cost about £20m. The fixed price contract was badly hit by long delays, inflation, and transport and other difficulties in Sudan. The company is also making a small loss on a contract for about £25m to build a similar plant at Hagar al Asalaya, not far away, which is now complete.

Under the turnkey project with the Sudan Sugar Corporation, Fletcher and Stewart provided key personnel to prove the plant when it was completed in mid-1977 and carried out occasional work under warranty.

Asked whether the equipment Fletcher and Stewart supplied was too sophisticated for the local management, Mr. Davies said that it was the equipment specified by the Dutch consultants who designed the plant under an aid project to Sudan.

French car market picks up

BY TERRY DODSWORTH IN PARIS

THE FRENCH car market has exceeded manufacturers' most optimistic expectations this year by increasing 11.6 per cent in the first two months to reach a total of 317,214 registrations.

In its monthly report, the manufacturers' association warns that this should not be taken as a positive indication of the trend for a full year. Sales last January and February were affected by political uncertainties before the elections, it says.

Nevertheless, the velocity of registrations, which picked up in the latter half of last year, was still on the increase in February, when registrations rose by 8.4 per cent compared with the same month last year to 160,058 units.

Production has also risen, although at the moment the industry seems only to be keeping pace with demand from stocks. Output in February was up by 3.5 per cent compared with a year ago to 271,923 units, and for the first two months have increased by 3.4 per cent to 567,767 vehicles.

In line with the French manufacturers' determination to increase their efforts overseas this year, after a slight reversal in 1978, exports have begun to rise. They were up by 2.9 per cent in February, to 139,333 units and by 3.1 per cent in the first two months (283,340 cars).

The black spot in the industry remains commercial vehicles. Although sales rose in February by 0.2 per cent compared with a year ago (to 3,541 units), they are down over the first two months by 0.4 per cent (7,732 vehicles).

Exports have dropped by 14 per cent in January and February (to 3,545 units) and production by 7.3 per cent (7,002 units).

● The French Peugeot-Citroen group is reported to be planning to expand the marketing of European-made Dodge trucks in France and Europe. A company official said that the plans have been under consideration since the French group acquired late last year the European operations of Chrysler of the U.S., but that the matter is still under study. The company has already set up a new marketing unit, Dodge Trucks Europe, for the purpose.

Chemical industry claims imports depressing prices

BY DAVID WHITE IN PARIS

THE FRENCH chemical industry managed to increase the surplus of its exports over imports to just over FFr 7bn ($1.66bn) last year from FFr 6.2bn. But exporters had to keep up with a sharp rise in French purchases of chemical products from other European countries in the second half of the year.

The French chemical industry union warned that fierce competition on the home market was putting a downward pressure on prices. This prevented the industry from taking advantage of the lifting of government prices curbs in the summer.

"The liveliness of foreign competition does not allow for raw material prices to be followed through to a sufficient degree to assure good profitability for companies," it said in its assessment of 1978 developments. This problem was particularly acute in petrochemicals and fertilisers.

French chemical exports rose by 13.9 per cent last year to FFr 37bn, while imports rose by 13.6 per cent to FFr 30bn.

West Germany was both the largest supplier and the largest client. The main gains on the French market were made by Belgium / Luxembourg, the second supplier with a 15 per cent increase, the UK with a 17.5 per cent increase, Switzerland with 21 per cent and Spain with 25 per cent.

French output grew 4.6 per cent in volume, which was considered satisfactory in comparison with growth in other French industrial sectors and with European competitors, although the rate was fractionally below the previous year's. Only in three sectors—organic products, photographic products and fertilisers—was France a net importer.

Britain represented the biggest increase among France's principal export markets, with a 25 per cent rise in its purchases of French chemicals.

S. Korean tyre exports 'injuring' U.S. producers

WASHINGTON — The U.S. International Trade Commission (ITC) has decided that imports of bicycle tyres and tubes from South Korea are injuring domestic producers.

The ITC's ruling clears the way for the Treasury Department to assess anti-dumping duties against the imports that totalled about $13.3m in 1978.

Separately it found last January that countervailing duties also were required on bicycle tyres and tubes exported to the U.S. by one manufacturer to offset subsidies that company had received from the South Korean Government.

Meanwhile President Jimmy Carter has given U.S. textile and apparel industry leaders and union officials, his personal backing of a previously-disclosed White House textile programme which promises tighter enforcement of import restrictions to check "import surges that cause market disruption," Mr. Carter emphasised that the domestic textile and apparel manufacturers will have more "certainty" than in the past. He said the Government will act to restrain imports, but added that domestic producers also have to act on their own to be more competitive in the U.S. and international markets. AP-DJ

Ushiba visits Washington

TOKYO — Japan's trade representative Mr. Nobuhiko Ushiba will fly to Washington tomorrow to try to break the current impasse in the negotiations over U.S. access to Japanese government contracts. A Foreign Ministry spokesman said Mr. Ushiba will confer with Mr. Robert Strauss, his U.S. counterpart, during his two-day stay in Washington.

The U.S. has been urging Japan to increase its purchase of communications and other equipment for government-run corporations — one of the issues behind the present strained bilateral trade relations. Japanese government officials are reported to be willing to purchase U.S. equipment totalling between Y5bn and Y6bn (£11.93m and £14.3m). AP-DJ

SHIPPING REPORT

Gulf market depressed

By Ian Hargreaves, Shipping Correspondent

ERRATIC markets last week were testing to the maximum the skills of shipowners in placing their vessels for loading and in making more basic judgments about buying and selling tonnage.

Business was slow in the Gulf tanker loading areas, partly as a reaction to the hectic pace of the previous fortnight during which rates shot up from WS25 to WS50 and partly because oil exports from Iran continue at the depressed level of only 1.8m barrels per day, resulting in the oversupply of tankers. A further depressing factor is the next stage of the OPEC oil price increase, due on April 1.

Although the Harley Mullion tanker index climbed again to WC158 (10 points better than the week before and almost up to last year's peak of WS166), most London brokers described markets as nervous and they are expecting rates to fall this week.

With rates at such a temporarily healthy level, many owners have been willing to accept part cargoes and others, who had gambled upon continued buoyancy in minor markets, such as the Caribbean, have found their ships waiting for days for employment.

Dry cargo markets remained generally firm last week, with Gulf-Continent rates for larger size bulk carriers exceeding $12 per ton. Brokers are optimistic about further gains in April.

Davignon rejects UK charge of 'weakness'

BY REGINALD DALE, EUROPEAN EDITOR

VISCOUNT Etienne Davignon, EEC Commissioner for Industry, has responded sharply to British allegations that the Commission is weakening in its determination to protect the EEC textile industry.

In a letter to Mr. Alan Williams, a British Minister of State for Industry, Viscount Davignon says that it is the British Government that is holding up action to assure the industry's future.

Viscount Davignon's letter is in reply to one from Mr. Williams earlier this month which took the Commission to task for views expressed at a meeting with trade unions in February. It reflected concern by Britain that the Commission was prepared to see a rapid shift of textile and clothing manufacture to developing countries.

Viscount Davignon says that the objective put forward in Mr. Williams' letter of a large and efficient textile and clothing industry, ensuring stable employment and making a major contribution to the European balance of payments is practically a restatement of the terms of a communication by the Commission to the Council of Ministers in July last year, on guidelines for a textile and clothing policy.

The position taken by the British representative had until now prevented a discussion within the Council on action to be taken to achieve that objective.

The Commissioner added that the objective of the meeting with unions was to invite them to take part in collective reflection based on a realistic analysis of the situation and prospects.

Varig will buy two Airbuses

By Diana Smith in Rio de Janeiro

VARIG-CRUZEIRO, Brazil's major consortium airline, has received official permission from the Ministry of Aviation to buy two A-300 B2 Airbuses at a total cost of $80m. At present, Varig has a fleet of 51 aircraft.

The new Airbuses, which will be financed by a European banking syndicate led by the Dresdner Bank, are to be used on Brazil's most heavily-travelled shuttle routes.

World Economic Indicators

FOREIGN EXCHANGE RESERVES (billions U.S. $)

	Jan. '79	Dec. '78	Nov. '78	Jan. '78
U.S.	5.198	4.374	3.704	0.173
UK	15.590	15.513	15.302	19.832
Germany	40.487	42.376	40.947	31.758
France	8.711	8.305	7.837	4.712
Italy	11.265	10.426	9.870	7.614
Holland	4.078	3.947	3.340	3.696
Japan	28.841	28.896	28.246	20.654
Belgium	2.713	2.637	2.621	2.555

Source: International Monetary Fund

Trade statistics that would normally have been published this week have been held over and will be published in the near future.

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Tories could merge ndustry and trade

JOHN ELLIOTT, INDUSTRIAL EDITOR

OR CONSERVATIVE leaders are considering for merging the Depart- of Trade and Industry d they win the next elec- although it is unlikely that would do so until they had in office for some months. s coincides with growing st, among some senior ters in the present Govern- and Whitehall civil ser- in rearranging the respon- ies of the Trade and try Departments and the tment of Prices and Con- Protection into two Ministries.

re have been suggestions Government responsibili- for manufacturing and ting industrial products d be merged.

s has led to suggestions the Trade Department's nsibilities for exports and promotion overseas might ansferred to the Industry tment, while its regulatory ions on matters such as any law, insurance, and ts could be merged with Prices Department's com- on and monopolies functions.

But these ideas, which have been discussed informally in Whitehall for some time, would be overtaken by the election of a Conservative Government pledged to reduce Government intervention in industry.

Such a non-interventionist policy could reduce the need for a separate Industry Department. In the view of senior Conservative Party leaders, trade activities ought to be given first priority rather than industrial intervention.

A Conservative Government would therefore consider merging the two Departments, so virtually re-creating much of the joint Department for Trade and Industry that existed during the 1970-74 Conservative administration.

Linked with suggestions that this might happen is speculation about whether such a move would provide a senior Cabinet post for Sir Keith Joseph who at present oversees the Conservative Party's industrial policies.

But the joint Department—which included responsibilities for prices and monopolies—was regarded by 1974 as being too large to be manageable by its top Minister and civil servants. This would be one argument against its being reformed.

A decision would also have to be made about what to do with the Prices Department.

Eventually therefore a Conservative Government might finish up with a plan not too dissimilar from that now being discussed by some senior civil servants except that the new merged industrial department would place more emphasis on trade than industry.

Some leading Conservative MPs think that the Prices Department could then be recast with more emphasis being given to its regulatory functions over competition and mergers policy.

Up to now however, Mrs. Thatcher is believed to have shown little interest in the problems of Whitehall reorganisation and no rapid decisions are expected quickly, should the Conservatives win the general election.

'oreign exchange rokers criticised

MICHAEL LAFFERTY, BANKING CORRESPONDENT

ICISM of the range and ty of services by London gn exchange brokers has from Mr. Raymond Coninx, e-president with the First nal Bank of Chicago, on.

here seems to be a genuine to liberate the London et from some rather anti- d customs which have no to exist in a global con- with improving communica- " Mr. Coninx writes in the edition of the Foreign ange Yearbook.

ecialist banks should be ed to make an "over-the- er" market to other Lon- banks for relatively un- rtant amounts of foreign ange or special situations, ys.

maller banks and occasional s of foreign exchange ers had at times "good cause to grouse.

Mr. Coninx suggests that an enterprising broker could make an impact here.

Mr. Mike Phelan, chairman of the Foreign Exchange and Currency Deposit Brokers' Association, rejected Mr. Coninx's criticisms of the market. The system was regulated by the Bank of England, which determined commissions.

There was an agreement that brokers would not deal in commercial names, while at the same time providing a service of at least two brokers in all active currencies to authorised banks. In return for this the banks were obliged to deal as far as London business was concerned only with association members.

● *Foreign Exchange Yearbook. 1979 Edition. Woodhead-Faulkner-Halstead Press, Cambridge.*

Bank may accept help to fight tax case

By Our Banking Correspondent

THE London subsidiary of Marine Midland, the leading U.S. bank, may yet accept outside financial support to help fight an important tax case whose outcome has implications *for several other banks operating in London.*

The Inland Revenue is seeking tax on the gains arising from an increase in the sterling value of foreign investments—without allowing any relief for the corresponding notional loss on the translation of foreign cur*rency borrowings into sterling.*

Marine Midland has already won the first round in the dispute, following a decision in principle two months ago by the general tax commissioners for the City of London. Developments in the case have been delayed while the two parties agreed detailed figures for submission to the tax commissioners. Marine Midland says this process has now taken place. It only remains for the commissioners to give judgment on the details of the case. Once this judgment is issued the Inland Revenue will have 30 days to decide whether to appeal.

'Not cheap'

Some City bankers and tax accountants think it will do so. The possibility is now leading Marine Midland to re-consider its earlier decision not to accept outside funds to fight the case. *The cost of the case so far* is described by a Marine Midland official as "not cheap."

Mr. Dudley Allen, chairman of the Association of Consortium Banks, says that the possibility of co-operative action has been discussed among some banks.

Mr. Pat Brennan, chief financial officer of Hambros Bank, is more cautious. "A decision about contributing to costs would have to depend upon the grounds for the commissioners' findings in the Marine Midland case, as well as the extent to which circumstances were similar."

In any case, Hambros had "taken certain steps" which meant that the amount of tax at risk in this area was now "very substantially lower than the £4m once estimated."

\uctioneers will resist remium action

ARTHUR SANDLES

IEBY'S, the auctioneers, that court action aimed at shing the 10 per cent r's *premium "will be vig-* sly opposed." This follows ervice of High Court writs otheby's and Christie's by a of leading arts and ue dealers.

e premium was introduced oth houses in 1975, arous- resentment in the dealing d. *Now several dealers have* ined to claim that there collusion between Christie's Sotheby's, that the agree- should have been regis- under the Restrictive es Practices Act, and that new agreement should be egistered.

ore alarmingly for the auc- houses, the dealers are ing repayment of premiums ady paid, which could run ns of millions of pounds.

e Office of Fair Trading has ady become involved. The ion houses have until early month to respond to its tions about the premiums. y are being asked for all relevant documents. If the Office feels there is an agreement it could refer the matter *to the Restrictive Practices* Court.

Last night, Sotheby's was flatly rejecting any of the suggestions. Although there was reluctance to make any official comment in detail, it is clear that the auctioneers might argue that the premium's introduction was a coincidental reaction to identical trading circumstances.

Both have argued in the past that something more was needed than the commissions paid by sellers in order to maintain a degree of expertise.

● Lord Camoys, who has already disposed of some silver to help meet the cost of refurbishing the family home, Stonor Park, near Henley-on-Thames, for opening to the public next month, is to sell a Rubens sketch at Christie's on Friday. A model for a painting destroyed in Berlin in the closing days of the 1939-45 war, the sketch is expected to fetch over £20,000.

CONSERVATIVE WORKERS' CONFERENCE TURNS INTO PRE-ELECTION RALLY

Thatcher promises bright future—later

BY ELINOR GOODMAN, LOBBY STAFF

THE CLEAREST indication yet of how the Conservatives will fight the election was given at the weekend to party workers in Solihull who were evidently taken aback by the sudden *media interest in their normally* rather downbeat conference.

Although Mr. Thatcher and the other members of her team who spoke made clear that they were not taking victory for granted in Wednesday's censure motion, the conference inevitably took on the role of a pre-election rally.

As such, it was a low-key affair that, more by accident than design, was in keeping with the down-to-earth measures the Tories look like offering to the country.

Frivolities such as the "I love Maggie" badges, which *sprouted on even the* most sombre lapels at the last annual jamboree in Brighton, were barely in evidence at Solihull and although Mrs. Thatcher got her almost statutory one-minute standing ovation when she declared that Labour had "passed the point of no return," it was nothing like the emotion-charged love-in stage-managed at the October conference.

Austere

In the same way, the speeches held out the promise of a fairly bleak future in the short term even under a Tory Government—albeit with much brighter prospects later.

Since the speakers presumably knew that as the campaign *develops, their speeches in* Solihull are likely to take on the role of the orthodox version of the Tory bible against which possible deviants are tested, that austere message is presumably the one that the shadow Cabinet wants to project.

Clearly, Mrs. Thatcher wants *her team seen as the responsible* party, above election bribery, although whether she can stick to that line in the heat of a campaign remains to be seen.

The only king-size carrot that looks like being on offer is the general one about reviving the economy, with the specific promise to cut direct taxes. That *will be the party's main selling* point.

However, as Sir Geoffrey Howe, shadow Chancellor, and *Mr. John Biffen, spokesman on* small businesses, made clear, achieving that might have uncomfortable side-effects in the future.

Both acknowledged that indirect taxes would have to rise to offset cuts in direct taxation, although Mr. Biffen admitted that reducing public spending would inevitably disappoint those who ran their lives on the assumption that public expenditure would continue as at present.

Sir Geoffrey also emphasised that any further move towards helping first-time house buyers *or fulfilling the objectives of* the party's original tax credit *scheme for pensioners* would depend on the country's being able to afford it.

It was left to Mrs. Thatcher, however, to give the clearest indication of the party's election strategy. She was the only speaker to have written her entire speech in the knowledge that the Government might be pitched into an early election.

Her words were worth studying only for their pointers as to how the party will respond to Labour's likely strategy, but also for their hints about secondary issues, and the issues that they failed to mention.

It was almost as if her strategy advisers were using the Central Council meeting to test new catch-phrases such as "the quiet majority."

The four years of Mr. Heath's Government, for example, look like being dismissed as a "very brief period" in a wider historical perspective. The party will thus presumably be able to ignore its having once stood for a statutory incomes policy.

MRS THATCHER ... not taking victory for granted

Judging by Saturday's speech, the whole question of pay will be sidestepped and union reform will be put in the context of redressing the balance rather than of confrontation.

All the speeches made by Mrs. Thatcher's team were notable for failing to mention pay at all, and although that partly reflected the fact none of the motions to which they were responding referred to pay, it did not explain Mrs. Thatcher's *omission of it.*

More surprisingly, she did not try to capitalise on the Government's record on inflation, although she seems bound to attack that in the campaign proper. That suggests that her speech was not the definitive template for her election *addresses.*

The broad outline of the party's strategy, however, was in her five-point plan for Britain.

The Conservatives would, she said, cut taxes and create the right conditions for reviving the economy; they would curb trade union power; restore respect for law and order; strengthen Britain's defences; and support the EEC critically but constructively.

Other points, such as freedom of choice in education, will presumably be tacked to those main planks as the campaign gathers momentum.

In elaborating on those broad objectives, Mrs. Thatcher provided the best clues as to how she will respond to Labour's strategy. The Government's agreement with the unions will be held up as another example of the way in *which Labour is inextricably* tied up with a single interest group and is thus prevented from acting in the best interests of society as a whole.

Moreover she will argue that the "concordat," far from *offering hope for the future,* is merely a recipe for increasing the unions' influence on Government. Since the unions, she will say, want more State control in industry, that will inevitably lead to more State *interference in things best left* to private enterprise.

Similarly, she tried to deny Labour its argument that public expenditure cuts are impossible. She will contend that Labour managed to make cuts itself when instructed by the International Monetary *Fund, so there is no reason* to believe that further cuts cannot be made in a similarly painless way.

(Like Mr. Biffen and Sir Geoffrey Howe, however, she will acknowledge that real cuts will have to be made, although she may try to sugar the pill by *putting the cuts into the context* of allowing the individual to decide how money is spent rather than leaving all the decision to Government.)

Her speech gave a further indication of how the party will respond to what some of its organisers consider Mr. Callaghan's strongest card: Europe.

As well as pointing to the way in which Britain has slipped down the European *prosperity league under long* Labour rule (it is at times like this that four years of Heath administration look like getting ignored), she will argue that as committed Europeans, the Conservatives have a better chance of arguing successfully for Britain's national interest than a party that does not really believe in membership.

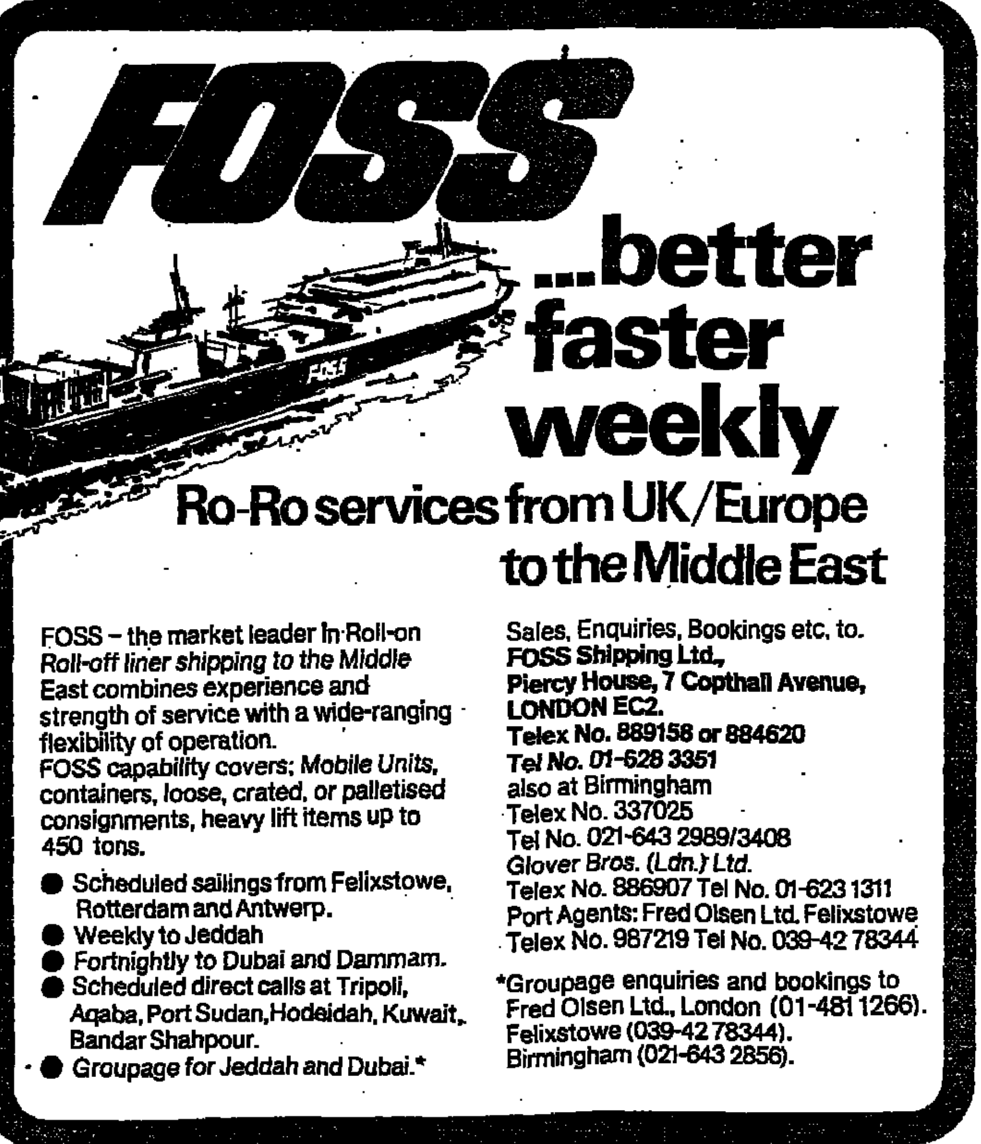
The Conservatives' traditional pride in a strong Britain will thus be linked to Europe and permit criticism of aspects of EEC policy.

She was very careful not to exceed official party policy, but delegates were left with the impression that she thought that there was a reasonable chance that the elections in Rhodesia would meet the six principles supported by all British Governments over the past 15 years.

Apprehensive

Her remarks on Rhodesia went down particularly well with the audience but the general feeling among experienced party workers was that it would be the promise of cuts in direct taxes that would *strike the most sympathetic* chord in the country.

Some working in marginal seats were slightly apprehensive about the frankness of Mr. Biffen's approach, particularly his refusal to commit the party to maintaining regional aid at its present level, but the feeling *of most present seemed* that the party's policy of spelling out what it regards as the harsh economic facts of life was right.



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Minister to allay textile fears

BY RHYS DAVID, TEXTILES CORRESPONDENT

NEW ASSURANCES designed to allay the textile industry's main fears over the likely impact of the EEG's current offer at the multi-lateral trade negotiations in the General Agreement on Tariffs and Trade (GAAT) are expected tonight when Mr. John Smith, Trade Secretary, meets the British Textile Confederation.

The industry, however, is expected to use the meeting to propose new moves that it hopes the Government will be prepared to adopt as its position when the EEC Council of Ministers meets to discuss the negotiations next month.

The industry has complained loudly that the EEC offer on textiles—one element in a complicated package on which negotiations between the world's chief trading nations are almost complete—has given far too much away to the U.S. with too little in return.

The U.S. and EEC offers, taken together, represent a bad deal for the British and European textile industry. Dr. Brian Smith, president of the confederation, said last week that if allowed to go through they would have very serious consequences.

The assurances that the Trade Secretary will give today include a reminder that the tariff cuts offered by the EEC remain conditional on renewal in 1982 of the separate GATT Multi-Fibre Arrangement, which regulates trade in textiles between the developing and developed countries.

Mr. Smith is also likely to disclose that he alerted the commission several weeks ago that it would have to be ready to act if after the conclusion of the multi-lateral negotiations there was evidence of disruptive imports of particular products.

Reasonable

The UK textile industry's chief concern has been that the EEC proposes to lower tariffs in several areas where the U.S. might gain a significant competitive advantage because its man-made fibre industry benefits from lower oil feedstock costs.

Mr. Smith is also expected to argue that for other reasons, the textile part of the negotiations should be considered by the industry as a reasonable deal.

Introduction of the textile tariff cuts by the EEC and U.S. is being delayed until two years after those on other products take effect, align them with the end of the current multi-fibre arrangement and the start of its successor.

There will also be a break clause after five years of the eight-year multilateral trade negotiations agreement. That would enable the programme of tariff cuts in the final three years to be reviewed against the state of world trade then.

The confederation, which has had a request for complete withdrawal of textiles from the multilateral negotiations package rejected, is planning to ask at today's meeting for a year's delay for reconsideration of the present EEC textile tariff offer.

Its leaders will suggest that the rest of the deal covering other industries might be completed in time for the start of the new tariff round next year, but that negotiations on textiles might continue.

If that is considered impracticable, the industry would like to see the EEC scale down some of the cuts of tariff it has offered while attempting to hold the U.S. to its offers.

Safeguard

It also wants assurance that safeguard action will be taken by the EEC if U.S. exports become much more competitive, urges that the EEC should place a countervailing duty on U.S. exports to offset the lower feedstock price enjoyed by U.S. producers.

The industry is concerned that whereas President Carter has supported the U.S. textile industry with strong assurances of support and funds to help it to develop its export efforts, the EEC authorities have been much less positive. Although Mr. Smith has said that the multi-fibre arrangement would continue after 1982, the industry wants the Government to press the EEC Commission to say the same.

Dockland switch for Sun approved

BY PAUL TAYLOR

PLANS BY the News International Group, which owns The Sun and the News of the World newspapers, for a £50m headquarters in London's docklands have received Government approval.

The scheme involves development of a 13-acre site by the Thames in Tower Hamlets, providing 776,000 square feet of industrial space and a 168,000 square feet newspaper office complex. It was approved by the borough council in December.

Mr. Peter Shore, Environment Secretary, was asked to approve the plans because they involve demolition of several derelict Victorian warehouses which are listed buildings.

That complication gave Mr. Shore the option of "calling in" the plans for further detailed consideration or calling a public inquiry. That would have caused much extra delay and might have further set back plans for docklands redevelopment.

The News International scheme involves between 3,000 and 4,000 jobs and, after the Government's decision not to approve the Trammell Crow trademart complex, is increasingly seen as a test of inner-city policy.

Although re-development of the derelict docklands has been somewhat slower than initially expected, there are signs that the position is changing. Private investment in the 8.5-square-mile area is seen as crucial in improving business confidence in docklands' future.

Tower Hamlets Borough Council has rapidly processed the preliminary plans for the site, and final detailed plans are expected shortly to be submitted to the Docklands Joint committee, the overall planning authority.

The committee, comprising representatives from the Greater London Council and the five London docklands boroughs, is expected to approve the scheme.

Steelworks plan threatens 1,200 jobs, unions fear

BY OUR SHEFFIELD CORRESPONDENT

SHOP STEWARDS at Hadfields, Lonrho's steel-making subsidiary in Sheffield, called at the weekend for substantial Government intervention because they fear that up to 1,200 jobs may be lost through plans to rationalise forging at the company.

However, Mr. Derek Norton, Hadfields chairman, said that no redundancies would be enforced.

The proposals, announced a week ago, involve selling some forging operations and the order book to Johnson and Firth Brown, another Sheffield group, and closing remaining sections.

Staff as well as manual workers fear that their jobs are at risk. Shop stewards representing both sides are seeking talks with Mr. Eric Varley, Industry Secretary, and have invited the National Enterprise Board urgently to consider forming a new forgings complex involving the present activities of Hadfields, Firth Brown and the British Steel Corporation's River Don works.

They also want Mr. Roy Hattersley, Prices Secretary, to refer the deal to the Office of Fair Trading, because of the implications to the forged steel rolls market.

The unions have made clear that Lonrho group directors, particularly Mr. Edward Du Cann, new chairman of the Dunford and Elliott holding company, are their targets for protest. They have asked Mr. Du Cann to come to Sheffield to face shop stewards and workers.

The unions say that since Lonrho took over Dunford and Elliott two years ago, the 1,100 jobs have been lost, in spite of assurances of expansion and no redundancy from Lonrho directors.

Big majority expected in ballot on pit offer

BY CHRISTIAN TYLER, LABOUR EDITOR

AS COUNTING of the miners' ballot on their latest pay offer begins leaders of the National Union of Mineworkers expect a substantial majority for acceptance.

Depending on the turn-out in last week's voting, they think that between 70 and 80 per cent will have said yes.

Of the three biggest Left-wing NUM areas only Scotland was urged by its leaders to turn the offer down. Nottinghamshire's 33,000 miners are expected to have come out strongly for a deal, despite the decision, largely on procedural grounds, of their area delegates.

Even before the latest threat to the Government's precarious hold, the miners were thought unwilling to risk conflict with the Labour Government in its last months of office.

The offer recommended by the union's national executive is worth a minimum of just over 9 per cent, or £6.50 a week all round on basic rates, with more to come from enhanced bonus earnings depending on level of output in the coming year.

Free laundry for miners

THE National Coal Board plans to introduce a free clothes-washing service for its 250,000 miners. After a pilot scheme with 20,000 men, it will introduce the service next year.

Sir Derek Ezra, the chairman, said: "Setting up each man with the three suits necessary for the wear, transport, wash and repair cycle, is a daunting undertaking.

"The laundries will handle 750,000 sets of clothing.

"The armed forces apart, no other undertaking the size of the coal industry has set out to provide workwear, and its servicing week by week, on anything like the scale we have adopted."

Meeting tomorrow in ICI dispute

By Pauline Clark, Labour Staff

PRODUCTION WORKERS at ICI's fibres plant, Doncaster, will decide at a mass meeting tomorrow their next move in a dispute which has stopped production for a week.

Shop stewards claiming to represent 1,400 Transport and General Workers' Union process workers at the plant said that work stopped because of a management "lock-out."

Management has accused the shop floor, however, of striking after refusing to carry out instructions for a change in manning.

The company has been trying since last November to gain agreement with the workforce on a 20 per cent increase in productivity to be achieved by working more machines with fewer men. But, so far, shop stewards have offered only a 5 per cent increase in productivity to be part of their annual wage settlement.

National officials of the TGWU are said to have recognised the company's concern over the depression in the fibres markets which has left its fibre plants in danger of losing competitiveness. No agreement on productivity, however, has been reached at national level and the shop floor has refused to carry out the management instructions without an offer of more money.

State engineers 'better paid'

ELECTRICAL engineers who work for nationalised industries and public corporations are better paid than those in private companies according to a survey by the Institution of Electrical Engineers.

Contrary to the popular view of public and private sector pay, its members and associates working for the state average £8,410 a year, against £7,860 for those in the private sector. The advantage increases with age.

In the first half of an engineer's career, from 25 to 45, there is hardly any difference, wherever he works. But from the age of 50 onward, the public sector man can count on a steady rise in pay while the private employee may have to face a cut.

Flight liquor sales risky, airlines told

AIRLINES have been told that the practice of carrying duty-free liquor for sale during flights exposes passengers to unnecessary risks.

The Flight Safety Committee, which represents pilots and airport authorities, says the presence of 87 gallons of drink on board a typical 200-seat aircraft could create a "potential Molotov cocktail" if the pilot was forced to abandon take-off at speed.

This would fling unrestrained cabin baggage forward and fuel any fire.

The committee says that it should be possible for passengers to buy their duty-free goods after landing, but says that airlines would oppose the change because of loss of revenue.

British Airways said the risk of fire from exploding bottles of alcohol was small compared with the presence at take-off of thousands of gallons of aviation fuel.

Lorries 'need double braking distance'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRAKING DISTANCES for heavy goods vehicles are often twice as great as those for cars, because of deficiencies in lorry tyres and braking systems, according to a Government report just published.

The Transport and Road Research Laboratory notes that although the risk of medium to heavy commercial vehicles being in accidents has halved in 10 years, they are involved in twice as many fatalities as cars.

In lorry accidents eight other road users are killed for every goods vehicle occupant who dies.

Lorry tyres are made with fewer drainage channels and with harder-wearing rubber than car tyres in order to prolong their life. No regulation sets out a primary requirement for road grip.

It is normal for car brakes to be capable of locking wheels on a dry road with the car fully laden, but this is not so with many heavy vehicles. A lorry's air-brakes require up to one second to be fully applied and require frequent maintenance.

The report concludes that improvements in tyre grip, braking systems, loading techniques and design features affecting roll-over would help to reduce accidents. Some injuries could be prevented if lorries were fitted with special bumpers and fenders to prevent other road users going under the lorry in an accident.

* *Accidents involving heavy goods vehicles in Great Britain: frequencies and design aspects. TRRL, vehicle safety division, Old Wokingham Road, Crowthorne, Berkshire.*

Interest rises on certificates of tax deposit

By David Freud

INTEREST RATES for certificates of tax deposit have been raised from today.

The certificates, operated by the Inland Revenue, may be bought in advance for surrender in payment of all taxes except Pay As You Earn and tax deducted from payments to sub-contractors.

The interest rate increases from 12-12.5 per cent on new deposits accepted under the terms of the prospectus for certificates dated August 29, 1978, and applied in payment of tax.

The rate on deposits withdrawn for cash increases from 9.5 to 10 per cent. The bonus payable on deposits applied in payment of tax and held for more than six months remains at 1 per cent.

OBITUARY

Sir John Cohen

SIR JOHN COHEN, president of Tesco Stores (Holdings), died at the weekend. He was 80.

Known universally as Jack, he started business in 1919 with a barrow in the East End of London, and from that base developed a group which spearheaded introduction of supermarkets into the UK.

Sir John was admitted to the Harley Street Clinic on Saturday afternoon and died that night.

Sir John will stand as one of the great retailing figures of his time.

He emerged as a national force after the Second World War, and indelibly stamped his personality on a grocery industry which was then ripe for change and development.

Throughout his life he clung to his original slogan and formula for retailing success: "Pile it high and sell it cheap."

He saw no reason why others should not repeat his success. "A man who works hard and is not afraid to take responsibility will always do well," he told a recent interviewer.

Jack Cohen was demobbed from the Royal Flying Corps in 1919 with a £30 gratuity. Unwilling to go into his father's East End workshop, he invested his £30 in army surplus foodstuffs and started to sell in a Hackney market. His first morning's turnover was £4, yielding a £1 profit, and the then 20-year-old Cohen immediately went on to a six-day week covering six open markets.

This was the foundation on which the Tesco grocery empire was to be built. The name itself emerged in 1924 when Jack Cohen expanded into tea sales: his supplier was a man called T. E. Stockwell and the initials TES were amalgamated with the first two letters of Cohen to form Tesco Tea.

By the late 1920s Jack Cohen was switching his attention from market stalls to open-fronted shops in the High Street. Throughout the 1930s he gradually expanded his chain of outlets and when the war put a temporary end to growth the number of Tesco shops had reached the 100 mark.

In 1947 the group had matured sufficiently to go public, but this landmark in the history of any company was overshadowed in the case of Tesco by Jack Cohen's decision to go to the U.S. to study American retailing methods.

Always a man easily fired with enthusiasm for a project which took his fancy, Jack Cohen quickly recognised the potential in the UK for the supermarket concept which was already well established in America. When he returned he set about transforming Tesco from a chain of grocery shops into its now familiar trading format of self-service supermarkets.

But the bare details of the phenomenal growth at Tesco give no real clue to how it was achieved. Inevitably, this must be put down to the ideas, beliefs and abilities of the man who steered it to success.

Jack Cohen was in no way a professional manager as the word is understood today, nor would he have appreciated the grandiose title of entrepreneur. From barrow boy to multi-millionaire status he was a trader, and an extremely successful one. He operated in an industry where, even today, professional management techniques cannot operate without retailing flair.

The rough and tumble of the market place is a hard school, and the tough trader who emerged from it did not quickly find favour in the cloistered retailing world protected by resale price maintenance. Tesco's vocal opposition to RPM made the company particularly unpopular with manufacturers; but another feature of the market place is the close contact with the customer, and Jack Cohen undoubtedly had judged the mood of the housewife correctly and he had no fears about competing with anyone on a free-for-all basis.

He was knighted in the New Year's Honours List in 1969. Soon after, he handed over the chairmanship and became president of Tesco.

But as president of the company, Sir John's influence in the Boardroom was not greatly

SIR JOHN COHEN
President of Tesco

diminished. He was listened to not only with the respect accorded to an elder statesman but also with the attention due to a man whose instinctive feel for grocery retailing was seldom at fault.

In recent years Sir John suffered health problems, but he retained his sometimes biting assessments of life and people. "There is only one thing the youngster of today has forgotten," he said recently. "That is the pleasure of honest work."

Recently Sir John was at the opening of the 600th Tesco supermarket on the site of his original stall.

He said: "Almost anybody who is willing to pile it high and sell it cheap and work as I did, from five in the morning until midnight and even later, can still make a fortune."

Sir John will be buried at Willesden Jewish Cemetery today. He leaves a wife and two daughters.

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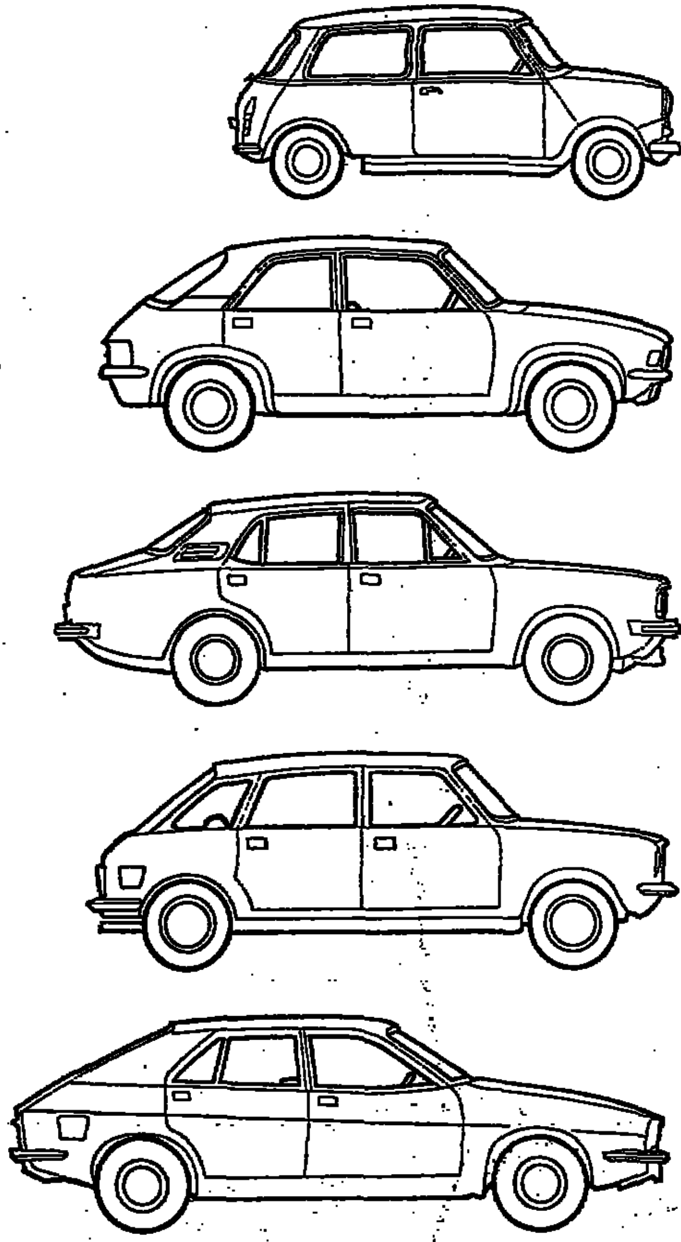

The world's car makers fall into two categories. Specialist. And volume.

With sales of nearly ¾ million cars, we can understand why people assume that BL is just another volume maker.

And some observers believe that we cannot compete with multi-national corporations who produce many more cars than we do.

We cannot agree.

Along with our volume cars, we produce specialist cars in large numbers. And this puts us in a third, unique category.

What are our Jaguars, Rovers, Land-Rovers, Range-Rovers, MG's, Triumphs, even Minis, if they are not special?

This gives us several very important advantages.

Our family cars draw on the advanced technology and engineering skills developed for our specialist cars.

While these specialist cars benefit from significant economies of scale in shared component design, development and manufacture.

In fact our component skill has developed to a point where we make healthy profits selling to other manufacturers.

Our product range allows us to give much greater design freedom to some of the world's most skilled engineers.

It also makes sure we don't confine all our eggs in one or two baskets.

It's worth remembering, too, that in the part of our range where we are in direct competition with the "volume" giants, we make nearly ½ million cars each year, and have no less than three out of Britain's six best sellers.

A tally that's certain to increase when our extremely advanced new small car comes onto the market next year.

So don't just see us as volume car makers.

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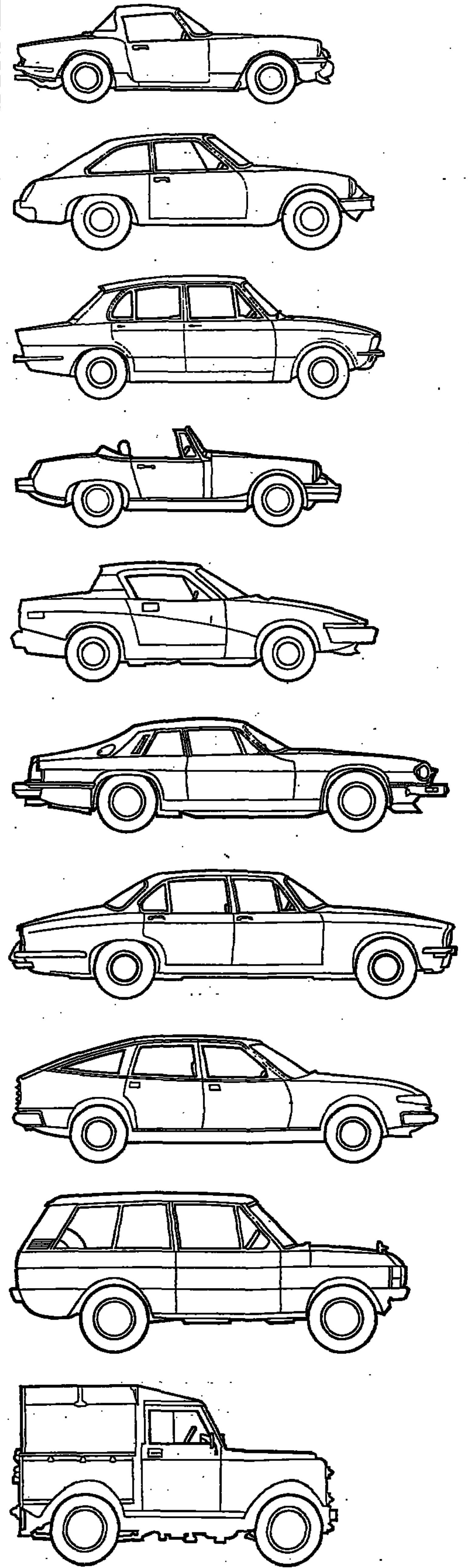

BL Limited

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Easier control of flight deck radio

AUTOMATION OF radio communications control which greatly simplifies pilot activity and saves significantly on aircraft flight deck space is available for the latest generation of modern airliners such as the new Boeing 757's and 767's.

Designed by Telephonics Corporation in the U.S., in conjunction with the U.S. subsidiary of British-owned John Bell Computer Services, RFMS — Radio Frequency Management System —gives pilots a compact visual display of frequency information relating to all of the radio communications systems on board the aircraft.

Based on two Zilog Z80 microprocessors, for which John Bell Computer Services developed the system software the system hardware design was carried out by Telephonics Corporation, who will market the unit worldwide.

A modern aircraft flight deck has some seven different radio communications systems for auto direction finding (ADF), voice communications, VOR, and instrument landing (ILS). Each system is independently duplicated for pilot and co-pilot, giving a total of 14 radios on which pilot and co-pilot must monitor, as well as alter, frequency control.

RFMS enables monitoring and control of the aircraft's radio systems to be performed totally, using two independent visual display and control units. All 14 of the communications units can now be placed in the belly of the aircraft, with data links from each feeding signals to and from the display units.

Pilot and co-pilot each have a single display and control unit. Each visual display shows a pattern of seven squares on the screen — each square relating to one of the two radio systems. The square shows the frequency to which the particular radio is tuned, together with the next frequency required which may be preselected by the pilot or co-pilot. A pre-selected frequency is programmed into the system using master switches on the RFMS.

When the pilot is ready to switch to the new frequency, he simply presses a switch. The previous frequency, however, remains logged in the system so that, in the event, for example, of not being able to raise immediately the next air traffic control centre, the radio can be instantly switched back to the previous frequency.

John Bell Computer Services, Devonshire House, 1 Devonshire Street, London W1N 1FX (01-637 8354).

Wide paper video imaging

MEDELEC has released details of a fibre optic recorder which will produce—consistently—high quality pictures over the full width of a 300mm recording paper.

Intended primarily for video imaging applications, the Linescan FOR 2001 is available for bench or rack mounting. Using suitable recording materials, a wide tonal range may be obtained. The full video bandwidth and small spot size ensure detailed resolution over the whole picture area.

Stabilised video channel ensures that the high quality and definition of the recording is maintained over long periods of use with a high standard repeatability.

Extremely accurate and stable paper speed is maintained by the use of a crystal-controlled stepper motor. Facilities are provided for external motor drive by either single-step pulses or external reference frequency. This enables the paper speed to be related accurately to one physical parameter of the phenomena being recorded.

Applications include facsimile, such as the presentation of weather satellite pictures, and producing continuous hard copy records from seismic and side-scan sonar surveys, as well as medical work.

FOR 2001 is easy to operate either with local push buttons or remotely from computer, microprocessor or ancillary equipment. A customer option pcb is fitted which may be used to house any interfacing circuits and signal processing required by the application. Regulated power supplies are available on this board and adequate input lines are included in the backplane wiring.

Medelec, Manor Way, Old Woking, Surrey GU22 9JU. 04862 70331.

Electronic mail study

BATTELLE Columbus Laboratories points out that participation in a sponsored research programme it is running on electronic mail systems is still open at a cost of $9,000.

The programme is designed to be user-based view of the potential need and resulting market for such systems and is already being supported by a number of companies in the communications, business machine and related fields.

Subject will be covered in terms of the generation, transmission, storage, disposition and display of business correspondence and other documentation by purely electronic means. Researchers will analyse and estimate both the opportunities and the potential threats associated with electronic mail.

● TRANSPORT

Fold up and carry away dinghy

FROM A flat piece of plastic, a dinghy can be constructed, like a child's toy, to serve within minutes as a safe, strong and durable tender to a yacht, or for use as a simple answer to messing about in boats.

Completely made from polypropylene, the hull needs no maintenance, painting, cleaning, scraping or waxing. Because this material is chemically inert, nothing will stick to it—thus, soil, sand, dirt or grease just need wiping off.

Although tough, polypropylene is very light, and the boat can be picked up easily by an adult or two children.

Totally portable, the Gault dinghy measures 5.6 feet in length and 12 inches in diameter when rolled up in its carry-bag, and it weighs just 25 kilos.

When launched, it can carry two adults, two children, outboard motor and still retain 8 inches of freeboard.

The complete boat is supplied rolled up in a lightweight carry-bag, unrolled and spread on the ground and assembled with the addition of a rear seat securing bolts, snap-fit edging (which has rowlocks for the oars), and a spray dodger fitted over the folds of the bow section.

The dinghy has been designed by professional inventor Robert Gault following his researches into polypropylene. The sheet from which the boat is made is extruded by British Celanese from material supplied by Shell Chemicals UK.

It is coloured with pigment during the manufacturing process so that subsequent painting is unnecessary and also contains a specially formulated ultraviolet stabiliser to give the boat long life under prolonged exposure to sunlight.

More from Gault Boats, 28 Baker Street, London W1M 1DF.

● INSTRUMENTS

Senses the humidity

DEVISED AT Lee-Dickens, Desborough, Kettering, Northants NN14 2QW (0536 760156) is a humidity probe that has resulted from a considerable expenditure by the company in terms of ceramic research.

Previously the company has been offering thin polymer sensors which could only be used in selected applications. Pollution considerably impaired their efficiency and humidities above 65 per cent RH tended to swell the polymer causing an upward drift with time.

The new devices, about ½ in. diameter and 5 in. long, make use of magnesium dichromate titanium dioxide sandwiched between a pair of rubidium electrodes, a combination able to stand up to temperatures of 600 degrees C.

More important, however, they can be cleaned by passing a current which effectively "burns off" any contamination. The current is applied at intervals of a few minutes so preventing gradual deterioration in atmospheres contaminated with oil mists, dusts or aerosols. Even after 5,000 immersions in vegetable oil self-cleaning in this way restored the accuracy to 2 per cent RH.

Clockwork recorder

ALMOST ALL event recorders reported on this page nowadays are electronic, and in contrast Nantglyn Engineering, Smugglers Way, Barns Green, Horsham, West Sussex RH13 7PP (0403 730937) has introduced Tymlog, a simple, low cost mechanical solution.

Of particular interest in work and machine-time recording, the unit has 14 channels, each under the control of a push button depression of which causes a mark to be made on pressure sensitive paper. Recording continues until the button is pressed again for release. Notes can easily be made on the passing 5-inch wide chart during recording.

Analysis is simply a matter of counting the printed chart divisions or measuring the trace recorded for each element. The various times can then be correlated to production.

The only requirement is to remember to re-wind the clockwork motor every 24 hours.

The device measures 205 x 204 x 126 mm (about 8 x 8 x 5 ins) and weighs 3.25 kg (7.15 lb).

● MATERIALS

Road mended instantly

COMMUTING drivers do not need to be told what many local authorities chose to ignore—that the winter just past has left potholes all over the road system.

It is timely that an easy to apply product called Repairoad is being introduced to effect permanent repairs on roadways, playgrounds, factory floors and so on.

Such repairs, in the past, have been looked upon as costly and precarious. Repairoad has been formulated to enable a non-skilled person to effect a permanent repair in minutes and allow heavy traffic to pass over the repaired patch immediately following application. The material, supplied in 25 kilo units, is applied straight from the container and is made of epoxy and tar-based liquids together with a prepared aggregate.

Ease of application is important for any such product. Repairoad should be applied by shovel or spades and this allows a bad pothole to be repaired in five minutes or less.

Repairite, High Street, Knaresborough, North Yorkshire, 0423 862761.

Timer made highly reliable

SOLID-STATE programmable process timer—type PPT—from the industrial components division of Landis and Gyr has a greater flexibility of control and operation compared with an electro-mechanical motor-driven microswitch programmer.

High reliability factors are provided by well-tried components and the unit should have appeal for many industrial applications.

The unit is designed for free-standing or rack-mounting and gives flexibility of function by various over-ride switches. It has a LED lamp display for test sequence control or manual operation.

The timer consists of 20 discrete programmable steps, the time of each being programmed by a resistor pin. The time period may be extended by the factor of 10.

Eight relay outputs per step are available from the unit, each with a normally closed and normally open position.

Landis and Gyr, North Acton, London, W3 6XS.

Panels and gaskets

WALMORE Electronics has announced the formation of its first manufacturing subsidiary—RFI Shielding. The company will initially be based at Walmore's headquarters but is expected to move to a custom-built factory in Harlow later this year.

Walmore says this will be the first manufacturing source in the UK to offer a full range of materials, custom-made gaskets and panels for RFI shielding applications and Walmore has been marketing these in the UK for almost 10 years and is recognised as one of the pioneers in the field.

The UK market for RFI shielding products has doubled over the last five years and, with rising costs and lengthening lead times from overseas manufacturing companies, the need for a UK manufacturing source has become a vital necessity.

RFI Shielding, 11-15 Betterton Street, Drury Lane, London, WC2H 9BS. 01-836 1228.

thurley

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Insulation board

PRODUCTION facilities for medium to high temperature insulating material, known as Ceraboard have been commissioned by Johns-Manville at its Wissembourg plant near Strasbourg, France.

The new line will supplement existing production at its main ceramic fibre plant at St. Marcellin-en-Forez near St. Etienne, France, and its output will be exported to all West European countries.

Lightweight and rigid, the product is for insulation in boilers, ovens, kilns and similar high-temperature environments. Typical applications include hot face linings on heat equipment, back-up insulation behind refractories, night storage heaters, flue, duct and stack liners, combustion chambers in oil and gas fired appliances and fire protection systems.

The boards are vacuum-moulded from a wet slurry of alumina/silica fibres bonded together with multi-component binders. The panels are 1 metre square in standard thicknesses ranging from 6 mm to 50 mm. They can be cut to required sizes.

Johns Manville GB, Parkbridge House, The Little Green, Richmond. 01-948 4181.

● PROCESSING

Cooling tower market bid

BRITISH Brown-Boveri has started marketing in the UK an extensive range of cooling towers and heat exchange equipment for power plants and industrial applications. The equipment is designed and built by SCAM—part of the Brown Boveri French group.

SCAM has been active in power plants and industrial cooling systems for more than 50 years, and currently hold an estimated 50 per cent of the French market. This includes two 118,000 cubic metres induced draught cooling towers now under construction for the French Electricity Generating Board at Chinon, which when completed will be the largest of their type in the world.

The range of cooling towers now offered in the UK extends from small standard units of around 100 cubic metres for industrial applications, up to towers of more than 100,000 cubic metres for the larger power station plant.

British Brown Boveri, Glen House, Stag Place, London SW1E 5AH. 01-828 9422.

Lays a film of dioxide

WITH AN eye on the growing world production of silicon "chips," Metals Research of Melbourne, Royston, Herts SG8 6EJ (0763 60611) has developed a highly automated chemical vapour deposition equipment MR 8000 C.

It can be used to deposit both doped and undoped films for passivation applications, and high uniformity doped films for use as doped oxide diffusion sources. Alternatively it can be used to coat other substrates such as glass or metal with high quality dielectric films.

Optionally, an automatic non-contact substrate handling system can be provided, which loads and unloads wafers pneumatically under the control of a microprocessor. Transport is by angled gas jets and a combination of pneumatic and light sensors.

For depositions of one micron thickness, 51 mm wafers can be produced at a rate of 45 per hour, 76 mm wafers at 30 per hour. There is typically less than one pinhole per sq cm, with very good surface finish, and step coverage is good.

Filtration award

NAMED AFTER the founder-chairman of the Filtration Society, Harold E. Suttle, the Suttle Award, which is presented every two years to encourage and recognise the achievements of younger people working in the filtration industry, has been increased from £100 to £250.

It will be given for the most meritorious paper on filtration and separation submitted during the award period (two years prior to closing date June 30, 1979). The author must be under 31 at the date of submitting the paper which must not have been previously published or considered for the award.

Fuller details from the Hon. Secretary, The Filtration Society, 1 Katharine Street, Croydon CR9 1LB.

● DATA PROCESSING

Boils the data down

TO DEAL with the reduction of data from its range of gas and liquid chromatographs, Pye Unicam, York Street, Cambridge (0223 58866) has concluded an agreement with Spectra Physics to make available the latter's SP4100 computing integrator, recently out of the development laboratories.

The unit has full alpha-numeric keyboard, LED display, an integral printer/plotter, and is controlled by a microprocessor. It is designed to be simple to operate at the same time offering complex manipulation.

The most often used data reduction methods used in chromatography are all pre-programmed in read-only memory and can be implemented with just a few key strokes. On the other hand built-in Basic programming means that the user can modify a method, format his own report, or develop other applications.

SP4100 uses an "intelligent" dialogue to obtain only the required operator entries, asking questions based on the user's last response when setting either a chromatograph file or a data reduction method.

(Advertisement)

DKB'S ECONOMIC JOURNAL

March 1979: Vol. 8 No. 3

Pace of domestic demand will be increasingly big point in Japan's recovery

Four years have passed since the Japanese economy hit its recessionary bottom in March, 1975 and then got back on the track to recovery.

The gross national product (GNP) registered slow growth both in the April-June and July-September quarters, 1978, owing largely to the drop in exports.

The slump in exports continued in subsequent months, but the nation's economy regained its growth tempo recently against the backdrop of high level of public investments and the steady rise in private demand.

Under these circumstances, commodity prices, which had stayed calm until recently, have begun to move upward.

The commodity price index has turned slightly upward as prices of domestic commodities, particularly those related to public investment, have recovered quickly, reflecting the firm tone of the international commodity market and the waning advantages of the yen's appreciation.

As the Bank of Japan has expressed anxiety over the current uptrend in commodity prices, the government seems to be compelled to carry out its economic and financial policy measures while taking into account two major objectives — propping business and holding down commodity prices — simultaneously.

Industrial production

Mining-manufacturing production in the July-September quarter, 1978 slowed down its growth tempo to 0.5 per cent, seasonally adjusted, over the preceding quarter. But its quarterly growth rate recovered to 2.2 per cent in the October-December quarter, buttressed mainly by the increased production of capital goods, mirroring the increase both in public investments and private plant and equipment investments.

According to the projected production index (seasonally adjusted) for the manufacturing sector, production in the manufacturing sector in January, 1979 is expected to rise 0.6 per cent over December, and that in February is likely to drop 2.2 per cent from January. But the expansionary keynote of production activity is expected to remain unabated, because domestic demand will likely continue firm for some time.

Industrial shipments in the July-September quarter rose a meager 0.5 per cent, seasonally adjusted, over the preceding quarter, as both domestic and export shipments slowed down. The growth rate, however, increased to 1.7 per cent in the October-December quarter.

All in all, it can be said that mining-manufacturing production now is in a firm tone as the export slump is being offset by the upsurge in domestic demand.

Treasury expenditure

Turning to recent trends in final demand, it has been learned that the Treasury expenditure, centering on public investments, has been playing a leading role in current business recovery, as stated above. In fact, government outlays for public works projects and their contracted value have been rising steadily in recent months.

During fiscal 1979, however, public works projects are not likely to be carried out as hastily as in fiscal 1978. Outlays in the first half of fiscal 1979 thus are expected to score slower growth than those in the same period of fiscal 1978, although they will likely maintain a high level.

Private demand

Recent trends in domestic private demand, which now holds the key to genuine business recovery, are reviewed here with reference to recent movements in private investments.

Shipments of capital goods, excluding transport machines, in the July-September quarter, 1978 slipped 1.0 per cent, seasonally adjusted, from the preceding quarter, but they rose a sharp 4.9 per cent in the October-December quarter.

Machinery order bookings (excluding ships) — a leading indicator of private plant and equipment investments — in the October-December quarter fell off 15.3 per cent from the preceding quarter, owing to the sharp decrease in orders received from the power utility industry. In the January-March quarter, 1979, however, they are expected to increase a sharp 66.3 per cent with the likely resurge in orders placed by the power utility industry.

Private construction orders — a leading indicator of construction investments — in the October-December quarter increased 6.9 per cent over the preceding quarter.

Private plant and equipment investments thus are expected to continue firm for some time.

Personal expenditure

Personal consumption expenditure which accounts for a major part of the nation's GNP, has been firm.

The latest household budget survey shows that nationwide household consumption expenditures last November registered a high growth rate of 8.1 per cent, nominal (4.5 per cent, real).

The average balance of Bank of Japan note issued, about three-fourths of which are possessed by individuals, increased 9.9 per cent, year to year, in the July-September quarter, 1978, 11.4 per cent in the October-December quarter and 12.3 per cent in January, 1979. This underlines the recent uptrend in personal consumption expenditure.

Prospects for personal consumption expenditures in months ahead, however, are not necessarily bright, because household income this year is not expected to increase tangibly over the year-before level. This is partly because the spring labor struggle this year is likely to fail to win a substantial wage hike as the employment situation has shown no signs of improvement.

Private housing investments

Private housing investments in recent months have centered on those by public funds.

The number of housing construction starts in December stayed at almost the same level as a year earlier, but registered a 3.8 per cent year-to-year gain in the October-December quarter, thanks chiefly to increased housing construction starts using Housing Loan Corporation funds offered in October.

Because the Housing Loan Corporation offered funds for 59,000 private houses from January through February, housing investments are expected to be on an upcurve for some months ahead.

Exports

Customs cleared exports in 1978 rose 21.2 per cent over the preceding year on a dollar-denominated basis, but fell 1.1 per cent in volume. The yen-based export value, however, dropped 5.0 per cent.

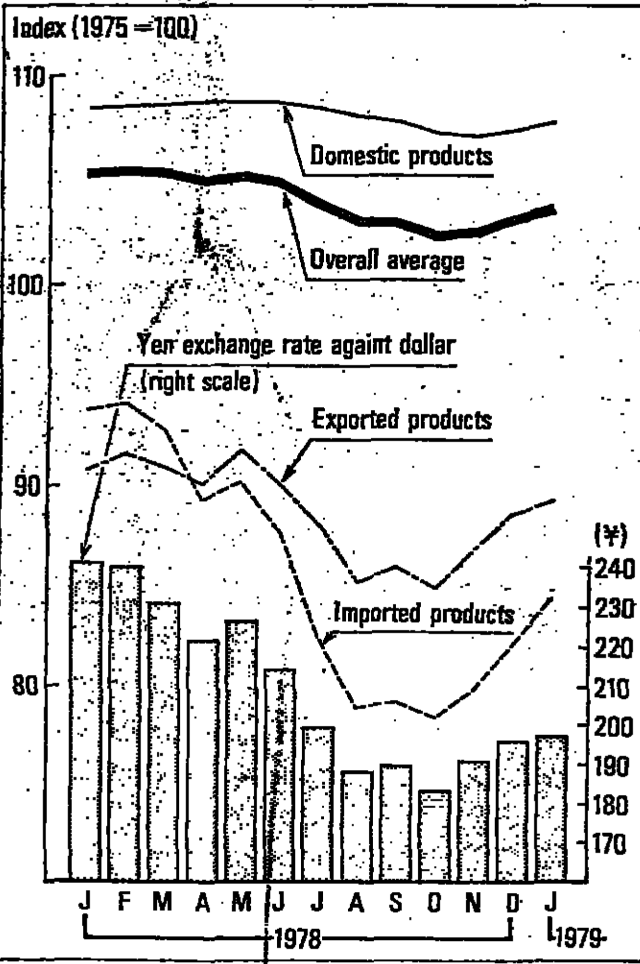
The quarterly trends in exports and imports in 1978 show that exports began to enter a gradual downward phase in the second quarter, while imports increased month by month during the year.

This is because the cumulative effects of the yen's appreciation began to surface and also because the nation came under increasing pressure to voluntarily curb exports and fulfil emergency imports in order to reduce its overly favorable current accounts.

In view of the current economic situation abroad and the still strong criticism of Japan's exports abroad, the nation's exports are expected to continue on a decline for some months ahead.

The trend in domestic private demand thus is likely to become more important than before in further bolstering business activities in the future.

Trends in Commodity Price Index & Yen-Dollar Exchange Rate



Note: The yen rate is a monthly average of inter-bank spot rate
Source: The Bank of Japan

Year-to-Year Percentage Changes in Export & Import Volumes

	Total for 1978	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.
Export	−1.1	+7.7	−2.7	−3.7	−4.8
Import	+6.3	+0.9	+5.2	+7.4	+11.4

Source: Ministry of International Trade & Industry

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Head Office: 6-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100 Tel. (03) 216-1111 Branches and Agencies at: New York, Los Angeles, Düsseldorf, Taipei, Seoul, Singapore Representative Offices at: Chicago, Houston, Toronto, São Paulo, Mexico City, Caracas, Frankfurt, Paris, Beirut, Jakarta, Sydney Subsidiaries at: Chicago, Amsterdam, Zürich, Hong Kong Affiliated and Associated Companies at: Rio de Janeiro, Luxemburg, Hong Kong, Singapore, Kuala Lumpur, Bangkok, Jakarta, Manila, Melbourne, Sydney.

The next DKB monthly report will appear Apr. 25.

A. & J. MUCKLOW GROUP LIMITED

INTERIM STATEMENT (Unaudited)

	Six Months to 31st December 1978 £'000	Six Months to 31st December 1977 £'000	Year to 30th June 1978 £'000
Gross Rentals	1,617	1,157	2,532
Turnover from Trading Activities	2,680	1,956	4,726
Investment Income	1,305	1,011	2,067
Trading Profit	132	103	454
Pre-tax Profit	1,437	1,114	2,521
Taxation	460	390	798
Profit after Taxation	977	724	1,723
Earnings per share	3.68p	2.71p	6.47p
Net dividend per share	1.32p	1.20p	2.4784p

★ Industrial property development programme ahead of schedule
★ Acquisition of new sites continues
★ 10% increase in Interim Dividend

"I believe the second six months of the year will show further progress."
A. J. Mucklow, Chairman

هكذا من الأصل

uilding and Civil Engineering

g barracks job to Trollope and Colls

H IN the region of £20m act for the rebuilding of gton Barracks in Bird Walk, London for the y Services Agency has Trollope and Colls. project entails the con- n of two nine-storey bar- ocks, a seven-storey block rried soldiers quarters sergeants' mess; and a ey block for a junior ranks' mess and gymnasium.

There will also be three band practice rooms; a medical and dental clinic and quarter-master's offices, all of which will be joined by a continuous two-storey link block to form a land-scaped pedestrian deck provid-ing covered vehicle mainten-ance and circulation areas.

A separate five-storey block will accommodate an officers' mess and married quarters and the complex includes an under-ground car park, new roads, parade ground and extensive landscaping.

Trollope and Colls is already working at Wellington Barracks with the renovation and partial reconstruction of the existing 19th century barrack block which will become part of the main complex, due for completion in 1983.

Architects are the Director of Works/Army in association with George Trew Dunn, Beckles Willson Bowes and consulting engineers are Cooper McDonald and Partners, Steensen Varming Mulcahy and Partners.

Model of the £20m Wellington Barracks development in Bird Cage Walk, London. Main contractor, Trollope and Colls, has been on the site for some time renovating the old barrack block.

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impey goes over £15m mark

OF place in a series of awards recently won by Wimpey and Co. must he "West One" develop-contract for office and rvices on the site of the nd Street station of Lon-ansport. It has been let E.P.C. to Wimpey at a t value of £7½m.

is in addition to the civil engineering and ctural work that Wimpey ying out on this site for Transport Executive. g construction of the ket hall and staff accom-on areas together with a t relief system venti- the running tunnels.

One will be dovetailed h the foregoing work still has about one more run before completion good proportion of the tion structure for West as already been carried conjunction with the 's civil engineering work. conditioned shopping es and offices will be ted with the station routes through the shop- alls. The buildings will a reinforced concrete structure with anodised ium cladding on two ons and faced brickwork ere.

of the major problems mpany has to face in its n this site is the absolute at all times to give pered access to would-be gers to the station.

One structural schedule at 107 weeks and the ng areas should be ready e start of trading in r 1980. Architects for West One are Taylor Chapman and Partners, Civil Engineers, Ove Arup and Partners, and Quantity Surveyors, Cyril Sweett and Partners.

For the City of Salford, the company's Manchester office is to undertake three housing pro-jects worth together close on £3.9m.

Project Ordsall 14 calls for the building of 109 dwellings in traditional construction in two-storey units. Lower Broughton 3 is for 183 two-storey dwellings to be erected in Wimpey No-Fines Composite.

The third job is for extensive refurbishing on 151 local authority houses, to be carried out with tenants in residence.

Housing is also the subject of a £1.9m award under which Wimpey will construct 157 dwellings for Rochford District Council. The development is at Rayleigh in Essex and it pro-vides for 100 two storey 2/3 bedroom houses, 20 two-storey 1 bedroom flats and 37 flats for the aged.

Middlesbrough office of Wimpey Homes has announced the signing of a joint venture development contract with Darlington Borough Council.

This joint venture, at Brink-burn Road Estate, is Wimpey's first with Darlington and involves the construction of 171 private dwellings to be released in phases, together with all associated external works, roads and sewers and services. Five different types of houses will be offered for sale.

The scheme is valued at approximately £2.5m. Site work has started and completion of the estate is expected by mid-1981.

Sudan water resources

MEFIT-BABTIE Consulting Engineers, a company jointly owned by Mefit SpA, regional planners and architects of Rome, and Babtie Shaw and Morton, of Glasgow, has been awarded a major contract by the Ministry of National Plan-ning of the Democratic Republic of the Sudan. The con-tract is being financed by the European Development Fund, the economic aid arm of the European Community.

Described as a technical assistance contract for the Jonglei area of Sudan, the work involves investigations to estab-lish the effect that the Jonglei Canal will have on the area. The canal is at present being built to conserve the White Nile water lost by evaporation in the 30,000 sq Km swamp-lands between Bor and Malakal.

Investigations will be carried out into water resources, live-stock and game potential and social and economic aspects.

Dozer easy to control

POWERFUL AND, it is asserted, much easier to main-tain than its contemporaries, is a crawler-dozer from Interna-tional Harvester which develops 210 h.p.

The TD-20E takes the com-pany into a new class of com-petition since hitherto it has limited its efforts to two machines, providing 75 and 150 h.p. respectively.

Modular construction in which engine, torque converter, transmission, steering and brak-ing and final drives are designed for easy removal as a unit, has been used for the first time in a prime mover this size, Inter-national claims. This has bene-fits for the builder since each unit can be built and tested separately before assembly into the dozer.

For the user, greater reliabi-lity is promised, together with easier maintenance. At the same time, a faulty sub-unit can be removed in the field for repair in a nearby workshop or for immediate replacement. This saves a great deal of down-time.

Two speed steering allows the dozer not only to make power turns with both tracks rotating, but also to make such turns under full power with full blade loads. This gives the driver better control over the machine when the blade is unevenly loaded as when cutting a bench.

International Harvester, Pay-line Marketing, Hounslow House, 730, London Road, Houn-slow TW3 1PH. 01-572 7434.

£2.3m for Laing

TWO CONTRACTS together totalling £2.3m have been awarded to John Laing Con-struction.

Project for Leeds City Council involves building 86 homes capable of accommodating nearly 400 people, under a con-tract worth £1.2m.

On a site bounded by Low Road and Jack Lane, Hunslet, in Leeds, the company will build 16 flats and 70 houses, starting at the beginning of April.

Barrack blocks at an RAF base near Aylesbury, Bucks, are to be brought up to modern standards under a contract worth about £1.1m. Former dormitories in the 54-year-old blocks are to be converted into smaller units, and work here also includes replacing plumb-ing and electrical systems.

Hargreaves gets £2.2m

BUILDING AND civil engineer-ing contracts totalling over £2.2m have recently been won by Hargreaves Construction and Plant (Northern).

Work includes the building of a new telephone exchange at Wingate, extensions to exist-ing exchanges at Shildon and Crook in County Durham, and an extension of Scarborough telephone exchange to cost nearly £400,000, all for the Property Services Agency.

Other civil engineering con-tracts from the CEGB for sub-station extensions at Norton and Lackenby total £380,000. New factory contracts at Skelton, also in Cleveland, total £440,000 for English Industrial Estates Corporation, and follow previous building contracts awarded by that body at Thornaby and Easingwold.

Local authority contracts totalling about £800,000 are for a second phase of a school at Coulby Newham, and exten-sions to a school at Guis-borough; these consist of library and science blocks and developments to the existing humanities centre and craft workshops.

Airports in Sudan

INVITATIONS have been made to prequalified companies to tender for various contracts in connection with airport projects in Sudan.

The invitations have been issued by Brian Colquhoun and Partners on behalf of the Director General of Civil Avia-tion, Ministry of Defence of the Republic of The Sudan.

Two main contracts and various sub-contracts are involved and cover civil engineering and building work, telecommunications, naviga-tional aids and aircraft fire, crash and rescue equipment.

Embassy in Khartoum

CONTRACTING and Trading Company of Lebanon, parent company of Mothercat, has been awarded a contract, worth just over £3m for the construction of the new Kuwaiti Embassy and associated buildings in Khar-toum. Completion is due by 1981.

Apart from the Embassy building, Mothercat is to instal a swimming pool and carry out landscaping of the entire site.

Housing in Norwich

TWO HOUSING contracts with a combined value of more than £1½m have been awarded to Walter Lawrence (East Anglia) by the City of Norwich Council.

Total of 109 dwellings are in-volved, at Clover Hill, Bow-thorpe, Norwich, Norfolk, and work is due to start next month. Contract period on both con-tracts is 18 months.

Talks on water when dredging

OFFSHORE self-elevating duty cutter suction r, the Al Wassl Bay, is being operated by Gulf (Private) an Arabian com-formed jointly by Dubai ort Company (Private) member of the Costain voort Dredging Group.

Al Wassl Bay was de-by Gulf Cobla primarily rk at Jebel Ali, a new 74- harbour project 30 km east of Dubai, which is constructed for Sheikh bin Said Al Maktoum, ler of Dubai. Consulting ers for the Jebel Ali pro-ject are Halcrow International Partnership. The dredger is being used to provide a 17 km x 235 metres wide channel which will give access to the new harbour complex. The channel is being dredged in open sea where conventional dredgers can only be used in exceptionally calm weather.

The Al Wassl Bay consists of two pontoons 53 x 15 metres connected by two box girders 8 x 6 metres giving overall dimensions of 94 x 57 metres. Each pontoon has four legs 44 metres of which two are fitted in movable carriages allowing the dredger to walk forward above water during dredging. If necessary it can walk inland.

Resting on the sea bed the legs support the dredger in an elevated position above the water and enable dredging to continue without interruption to a depth of 17 metres in waves up to 4.5 metres high and wind velocities of 65/km/hr. Maximum dredging depth in semi-buoyant position is 30 metres with a cut width of 66 metres.

The Al Wassl Bay was built by Mitsubishi Heavy Industries in Japan under the supervision of Costain Blankevoort Inter-national Dredging Company.

eping it cool on the Continent

RESULTS from a drive ll its expertise in Con-al Europe are now being by Christian Salvesen specialises in food pro- g and cold storage.

Chateauneuf sur Loire, Orleans, a 20,000 cubic cold store has been com- l and is now fully opera-. The storage volume is nto four chambers of equal size. These chambers offer a combined capacity of 5,000 pal-lets of frozen raw materials in a four-high cage pallet system at —12 degrees C for the nearby factory of Unisabi SA, the French petfood manufactur-ing subsidiary of the Mars Group.

At Zelik, eight miles from Brussels, another cold store is at an advanced stage of con-struction. The first phase, a single cold storage chamber of 12,000 cubic metres, will become operational in May. The second phase of construction, another chamber of the same size, will be completed by the end of July.

This combined capacity of 24,000 cubic metres will accom-modate frozen foods in retail packs at —29 degrees C for the Delhaize de Lion supermarket, and also Findus products for Nestle Belgilux.

ows the right way to about it

DING a house in the UK complicated business and are so many pitfalls. ruction has to be under- within a complex frame- of regulations and guiding Then there is the ever- ging technology and prob- of work planning and gement. A daunting, but theless challenging, pro- for the newcomer to an try which requires so many and trades to achieve the product.

wever, it is not only the that needs guidance. Such e nature of house-building even those well established e industry still find there many things to be learned, or which reminders are ssary.

wnes-Butterworths has now ed in with a 1,120 page The House Builder's rence Book, which in the s of the publisher, is a comprehensive first source of reference on management, design and construction as they relate to new house building, house alteration and extension work and maintenance.

Included are sections on financial and legal aspects, on soils and foundations, walls and roofs, insulation and services. Contributions have been made by builders, architects and engineers and specialist organ-isations.

There are 64 sections written by 59 specialists and the whole has been edited by M. J. V. Powell, research manager for building, Construction Industry Research and Information Association. The book is priced at £28.50 and a reference to it when in doubt might save the purchaser many times that figure. It may be obtained through booksellers or direct from the publisher at Borough Green, Sevenoaks, Kent TN15 8PH (0732 884567).

Preparing the ground

IN PREPARATION for the con-struction of a £50m brewery in the Philippines, Soil Mechanics of Bracknell, Berks, has begun a £1.6m ground improvement contract.

The company says its task is to improve the bearing capacity of the loose sands and silts in the upper layers in order to support the pad and raft founda-tions on which the medium and heavily loaded brewery struc-tures will be built; secondly, to increase the resistance of these soils to liquefaction under local seismic activity.

To be built for the San Miguel Corporation, the brewery will be located in the Luzon basin about 100 miles north of Manila.

IN BRIEF

● Haden Young has won a £325,000 contract to design and install all the electrical and mechanical work in the land-lord's area of the second phase of the new Arndale shopping centre at Poole, Dorset.

● Cost Partnership, interna-tional cost consultants and quantity surveyors, has opened a further Gulf office at P.O. Box 26122, Bahrain. Resident partner for the area is A.P. Davey.

● Third Middle East Construc-tion Exhibition will be held in Jeddah, the commercial capital of Saudi Arabia, from January 20-26, 1980. The event will be staged in a purpose-built exhibi-tion complex which will provide both indoor and outdoor facili-ties together with a special area for heavy construction equip-ment.

lears the blockage

VERED BY disposable cklet CO_2 bulbs, a pistol-ed device is offered as an nomical and hygienic solu- to clearing blockages and ructions in waste-pipes up inches in diameter.

here is no dismantling or sical penetration of the s, no mess, and the tech- e is safe even for plastic ne House, Greenwood Place, s, says Bendamour Holdings, don NW5 1NP (01-267 7).

harging the Portajet is ply a matter of sliding a cartridge into the handle of the pistol, and then piercing it by tightening a winged cap. The pistol is then fitted with an appropriate accessory from the kit, and then applied to the obstructed pipe or appliance, and the discharge button depressed.

This releases the compressed CO_2, which has the effect of a hammer blow and creates waves of kinetic energy which travel at about 1,500 metres a second and are said to remove even the most stubborn of blockages. Entire operation, says the com-pany, takes only a couple of minutes.

"WHEN I PROPOSED SYSTEM BUILDING, THE RESPONSE WAS OVERWHELMING."

"You know how it is. The decision to have a new building, whether it be a factory, warehouse or office accommodation, can't be taken lightly.

But you see, I'd already done my homework. That's why I knew system building was the best, most cost-effective solution to our problem.

More important, London Brick Buildings Industrial Division offered the best deal. Simply because they take care of all the details, and offer a complete pack-age. We don't even have to get involved with sub-contractors or anything.

As I told the board, that means you are not dealing with unknown quantities. Quite the opposite. You know exactly what you're getting for your budget.

And when I casually threw a few facts and figures at them, they almost fell off their chairs.

In our case, we wanted a 15,000 sq.ft. (1,500 sq. metres) industrial unit and office complex.

London Brick Buildings Industrial Division can do it for a mere £6 per sq.ft. That includes site clearance, foundations, super-structure, roof, walls, doors, windows, internal linings and thermal insulation.

Even better, they'll have the building up within 18 weeks.

They'll even take care of the electrics and decorating if we want. And their permutations of shapes, sizes and finishes will keep your architect happy.

In short, they've got system building off to a fine art. So we'll end up with a good looking, totally functional, permanent building at a down-to-earth price.

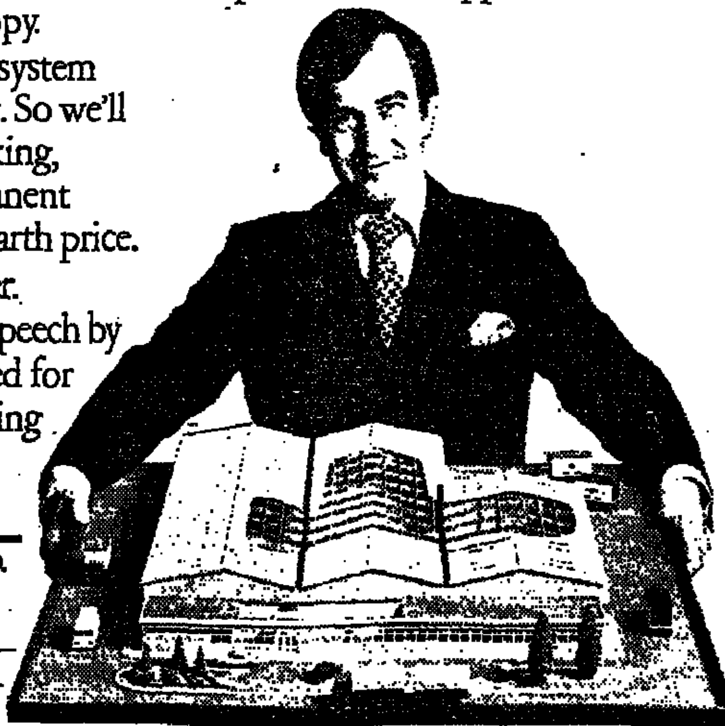
And now the clincher.

I wrapped up my little speech by telling them I'd arranged for one of their chaps to bring in a model to give us some idea of how our new building would actually work and look. It's part of their service.

I almost got a standing ovation for that one. Well, they smiled and nodded anyway.

Now I'll let you into a little secret. You don't have to stay up every night for a fortnight to do your homework. Just make one phone call. Ring Terry Chandler or Brian Thomson on 0203 301307.

They'll take it from there. Or get your secretary to send the coupon and fix an appointment."



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To: London Brick Buildings Industrial Division, 177 Leofric Works, Ryton, Coventry CV8 3ED.
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1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut, Black leather. Speedometer reading 38,600 miles. £18,950
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1973 May Rolls-Royce Silver Shadow Saloon. Walnut, Beige Everflex roof, Beige leather. Speedometer reading 59,000 miles. £17,950
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BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

	Title	Venue
Current	Daily Mail Ideal Home Exhibition (01-353 4000) (until March 31)	Earls Court
2—5	London Fashion Exhibition (01-385 1200)	Olympia
2—6	The Scottish Hotel, Catering and Licensed Trade Exhibition (031 229 6412)	Kelvin Hall, Glasgow
3—6	Leatherwear International (01-385 1200)	Olympia
3—5	*Computermarket '79* (01-935 4996)	*Bloomsbury Centre Htl., WC1*
3—6	OCCA Technical Exhibition (01-908 1086)	Alexandra Palace
5—8	Tipping Vehicle Exhibition (061-834 7648)	Exhn. Centre, Harrogate
6—17	Birmingham Motor Show (0602 51202)	Bingley Hall
9—14	Ideal Homes Exhibition (031 225 9657)	Assembly Rooms, Edinburgh

OVERSEAS TRADE FAIRS AND EXHIBITIONS

	Title	Venue
Current	International Fair (01-248 5757) (until March 31)	Cairo
21—26	International Bicycle and Motorcycle Exhibition	Zurich
24—Apr. 2	International Fair	Lyons
25—29	The Middle East Oil Show	Bahrain
30—Apr. 8	Travel and Holiday Fair '79 (01-486 1951)	Helsinki
31—Apr. 9	Europain '79 (01-439 3964)	Paris
1—8	Toys and Games Trade Show—BELJOUETS	Brussels
8—10	MODEXPO—International Ladies' Fashion Fair	Zurich

BUSINESS AND MANAGEMENT CONFERENCES

Current	Management Centre Europe: Management Course (until Apr. 6)	London
Current	IPM: Industrial Relations Law: The impact of current legislation (01-387 2844) (until June 7)	Upper Woburn Place, WC1
Current	University of Bradford Management: Field Sales Management (Bradford 42299) (until Mar. 30)	Heaton Mount, Bradford
26—30	The Centre for Professional Advancement: Powder Technology	Amsterdam
26	CAM/CDT: The Law in relation to Communications, Advertising and Marketing (01-839 1547)	Leicester Square, WC2
26—27	*Oyez/IBC: Resisting Contractors' Claims in the Construction (01-242 2481)*	Europa Hotel, W1
26—27	IHR Hotel Interiors, Specifying the Design and Furnishing Need (Redhill 68611)	Hilton Hotel, W1
27	CCC: Capital Gains Tax (01-222 6362)	Royal Lancaster Hotel, W2
27—28	ROSPA/ Fuel and Metallurgical Journals: Health and Safety in the Metal Processing Industries	Hyde Park Hotel, SW1
27	AGB: Doing Business with South Korea (01-353 3651)	Cafe Royal Hotel, W1
27—29	CAM Foundation: Writing for Effective Sales Promotion (01-828 2771)	Quaglino's W1
27	GIM: Participation and Industrial Society (0788 812125)	Ruislip, Middlesex
28—30	IGC: Ink Jet Printing: Update and Outlook for Technology, Applications and Markets	Amsterdam
28	Micro Computers '79 (01-247 1939)	Hilton Hotel, W1
29	The Conference Board in Europe: Midyear international financial and economic outlook	Hilton Hotel, W1
30	CCC: Retention of Title after Monsanto—Romalpa overturned? (01-492 1232)	Europa Hotel, W1
30	LCCI: Ohio Winter Seminar (01-248 4444)	Cannon Street, EC4
30	Lloyds of London Press: Waybills and Short Form Documents (01-353 1000)	London Press Centre
1—28	BTSC: Senior Management Course (04862 5444)	Woking, Surrey
2	AMR International: Interviewing Skills and Techniques for Executives (01-262 2732)	Royal Garden Hotel, W8
2	ESC: Important Developments in the Protection of Industrial Designs (057 282 2711)	Hilton Hotel, W1
2—4	*ASM: Managing and Controlling R and D projects (01-385 1992)*	RAC Club, SW1
2—4	MSS Computer and Business Consultancy: Effective Marketing and Selling (0903 34785)	Worthing
2—6	Frank Jefkins: Export PR/Planned Press Relations (01-657 2811)	Connaught Rooms, WC2
3	Executant Conferences: Justifying and Selecting Automatic Test Equipment (0494 33171)	Hotel Russell, WC2
3—5	Energy Utilisation and Conservation Conference (01-637 2400)	*Royal Lancaster Hotel, W2*
3	NTIS: Information Services (0420 84300)	American Embassy
3	Kwaliteitsdienst-KDI: Effective Material Utilisation	Hilton Hotel, Rotterdam
3—6	BACIE: Training Design (01-636 5351)	Regent's Park, W1
4	The Spring Research and Manufacturers' Association: Health and Safety in the Spring Industry (0742 760771)	Europa Lodge Htl., W. Brom.
4—5	Graham and Trotman: Saudi Arabia and Egypt: Current and Future Business Opportunities (01-493 6351)	Cafe Royal, W1
4—6	BHRA: Institution of Chemical Engineers: Mixing (0234 750422)	University of York
4—6	ISBA: World Industrial Advertising Congress (01-222 6362)	Amsterdam
4—6	International Insurance Conference *(01-222 6362)*	*Plaza Hotel, Frankfurt*
5—6	Assoc. of Offshore Diving Contractors: Underwater Engineering Symposium (01-549 5831)	University of Aberdeen

FT GROCERY PRICE INDEX

Cold forces up tomato prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE RETURN of the bad *weather in March resulted in a* sharp rise in fresh fruit and vegetable prices, causing the Financial Times' Grocery Prices *index to rise by 0.5 per cent.*

The March index now stands at 109.12, which means that in the year since the index was relaunched, grocery prices monitored by the FT shopping basket have risen by just over 9 per cent.

The FT shopping basket is based on data collected by 25 FT shoppers who monitor 100 items each month in the same food stores of all sizes and types throughout the UK. The basket is not intended as an absolute guide to prices but—because it reads to be more up to date than official price comparisons—it provides an early indicator of grocery price trends.

In March, the fresh fruit and *vegetables section of the basket* rose by almost £20 to reach £240.27. This was virtually the only major movement in the index this month, although meat prices fell slightly.

One of the main reasons for the rise in the fruit and vegetable section was a return to higher prices for tomatoes which had fallen rapidly in price the previous month. They were up in all cases, by around 10p in a number of shops, and were selling at between 40p and 50p per pound.

Old potatoes went up by about 1p a pound *and cabbage has* gone up in every case by about 4p per pound. Cauliflowers, where available, were also dearer and cost about 50p for a medium sized one. Lettuces jumped by about 6p selling at about 30p each. Apples, oranges and bananas were all more expensive this month.

The fall in the meat section *of the basket was mainly due to* a 10p per pound fall in the price of beef, although ham was 2p more per quarter pound. The fresh meat section fell in price, therefore, by nearly £12 to reach £456.42.

Although dairy produce in the *basket showed only a marginal* increase overall, butter, margarine, and cheese were all up in price.

Butter has increased by about 2p per half pound in many of the shops survey and now costs an average of 39p for a half pound. *Cheddar cheese has gone* up in most cases by about 6p and is now 86p per pound, but eggs are some 3p per half dozen cheaper at about 29p.

The bread, flour and cereals section — while staying broadly static overall this month in price — masked a number of quite sharp price changes. Flour was much cheaper in many shops—down to 30p for a 3-lb bag in some shops—but this fall has been balanced by a rise in cereal prices. Rice Crispies and Cornflakes have both gone up by 3p in many places.

Frozen foods, which last month showed the sharpest rise, were this month slightly down in price overall. Fish fingers were more expensive, but beefburgers and ice cream were cheaper.

Elsewhere in the basket there were few changes from last month.

Inquiries about the grocery basket should be made to Lucinda Wetherall at the Financial Times.

The Financial Times Grocery Prices basket is copyright and may not be reproduced or used in any way without consent.

FINANCIAL TIMES SHOPPING BASKET MARCH, 1979

	March £	February £
Dairy produce	530.66	528.65
Sugar, tea, coffee, soft drinks	177.11	177.86
Bread, flour and cereals	244.84	245.71
Preserves and dry groceries	89.36	88.28
Sauces and pickles	43.46	43.68
Canned goods	160.63	159.13
Frozen foods	193.80	195.36
Meat, bacon, etc. (fresh)	456.42	468.38
Fruit and vegetables	240.27	220.71
Non-foods	182.62	181.47
Total	2,319.14	2,309.23

Index for March: 109.12.
1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41; August *101.89*; September 101.90; October 101.77; November 103.67; December 105.10.
1979: January 108.54; February 108.65; March 109.12.

Merchant fleet continues its sharp decline

By Ian Hargreaves, Shipping Correspondent

BRITAIN'S MERCHANT shipping fleet has continued to decline sharply this year, with the loss of almost 500,000 dwt (deadweight tons) in January alone.

Mr. David Ropner, vice-president of the General Council of British Shipping, told the Manchester Steamship Owners' Association that key sections of *the industry* were still running ships for little more than the cost of their fuel, crews and maintenance.

The 4m dwt decline in the British fleet last year was followed in January by sales of older cargo liners and some newer vessels. They included bulk carriers and a 175,000 dwt tanker.

The British fleet was down to 43m dwt, compared with 50m dwt three years ago and was now not much larger than the 37m dwt of vessels controlled by three Hong Kong ship *owners, whose fleets had all* been developed from scratch since 1948.

That was the kind of competition that British shipping companies faced. It was vital that management search for reductions in operating costs.

Other inflationary pressures were outside the shipowners' control. Fuel costs had risen much more sharply than expected this year and owners were *now facing rises of up to half* because of shortages.

Domestic wage settlements were also a worry at a time when the growth in North Sea oil production had strengthened sterling, making conditions harder for UK exporters.

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The week in parliament

TODAY

COMMONS: Debate on Defence Estimates White Paper. Motion on EEC Documents on Energy Policy. Remaining stages, Forestry Bill (Lords). Motions on the redundant mineworkers concessionary coal order and on mineworkers' pensions scheme order.

LORDS: Confirmation of Small Estates Bill, committee. Industry Bill, second reading. Water Authority Orders. Motions for approval. Meat and Livestock Commission Levy Scheme (Confirmation) Order.

SELECT COMMITTEES: Public accounts committee. Subject: Appropriation accounts. Witnesses: Northern Ireland Department of Commerce. Room 16, 4.45 pm. Expenditure, general sub-committee. Subject: Board of Inland Revenue. Witness: Sir William Pile. Room 8, 4.15 pm. Expenditure, Education, arts and Home Office sub-committee. Subject: Women and the penal system. Witnesses: Metropolitan Police. Room 13, 4.15 pm.

TOMORROW

COMMONS: Debate on Defence Estimates; continued. Remaining stages. Public Health Laboratory Services Bill (Lords).

LORDS: Ancient Monuments and Archaeological Areas Bill, third reading. Nurses, Midwives and Health Visitors Bill, report. Direct Labour Accounting Bill, second reading. Shops (Sunday Trading) Bill, committee. Short debate on JET project.

WEDNESDAY

COMMONS: Debate and vote on Conservative motion of no confidence in the Government.

LORDS: Debate on ACARD report on industrial innovation. Licensed Premises (Exclusion of Certain Persons) Bill, report.

SELECT COMMITTEES: Public Accounts Committee. Subject: Appropriation accounts. Witnesses: Northern Ireland Departments of Education and Environment. Room 16, 4 pm. Expenditure, social services and employment sub-committee. Subject: Perinatal and neonatal mortality. Witnesses: Prof. McNaughton, Dr. Chalmers and Mr. Womersley. Room 15, 4.30 pm. Expenditure, environment sub-committee. Subject: National Heritage Fund. Witnesses: Treasury, Department of Education, Department of Environment. Room 6, 4.15 pm. Nationalised Industries sub-committee E. *Subject: Ministers,* Parliament and the nationalised industries. Witness: Sir William Barlow, chairman of Post Office. Room 8, 4 pm. European Legislation Committee. Subject: Industrial aid. Witness: Mr. L. Huckfield, Under Secretary for Industry. Room 5, 4.15 pm.

THURSDAY

COMMONS: Independent Broadcasting Authority Bill, remaining stages. Debate on White Paper on Broadcasting. Motion on BBC supplemental licence agreement and Royal Charter.

LORDS: Exchange Equalisation Account Bill, third reading. International Monetary Fund Bill, third reading. Prosecution of Offences Bill, third reading. Public Health Laboratory Service Bill. Commons amendment. Caravan Sites Bill, committee Cinematograph Films (Limits of Levy) Order.

SELECT COMMITTEES: Science and technology, genetic engineering sub-committee. Subject: Genetic engineering. Witness. Mr. David Ennals. Social Services Secretary. Room 15, 4.30 pm.

FRIDAY

COMMONS. Private members' motions.

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Overnight Sleeper services will continue to operate from or to King's Cross.

London-Newcastle services are virtually unchanged.

FROM LONDON
MONDAYS TO SATURDAYS

																	S	S	A	A
London Euston	d	0745	–	1000	–	1045	–	1145	1245	1345	–	–	–	1615	–	1745	–	–	–	–
London King's Cross	d	–	0800	–	0900	–	1055	–	–	–	1300	1400	1500	–	1700	–	2000	2215	2230	2345
Berwick	a	–	1225	–	1355	–	1557	–	–	–	1754	1816	1954	–	2126	–	–	–	–	–
Berwick (bus)	d	–	1240	–	1410	–	1615	–	–	–	1810	1835	2010	–	2145	–	–	–	–	–
Dunbar (bus)	a	–	1340	–	1510	–	1715	–	–	–	1910	1935	2110	–	2245	–	–	–	–	–
Dunbar	d	–	1355	–	1525	–	1736	–	–	–	1925	1944	2124	–	2256	–	–	–	–	–
Carstairs	a	1238	–	–	–	1520	–	–	1737	1833	–	–	–	–	–	2224	–	–	–	–
Carstairs	d	1245*	–	–	–	1533*	–	–	1755*	1850*	–	–	–	–	–	2245*	–	–	–	–
Edinburgh	a	1323*	1419	1536	1556	1611*	1800	–	1833*	1932*	1954	2010	2148	2150	2330	2325*	0442	0711	0755	0811
Dundee	a	1552*	1755*	1755*	1755*	1807*	1922	1902	2054	2152*	2152*	2252*	0003*	0003*	–	–	–	0916	0955*	1009*
Aberdeen	a	1738*	1938*	1938*	1938*	1938*	2046	2034	2235*	–	–	–	0130*	0130*	–	–	–	1059	1138*	1138*

A=Mondays to Fridays. S=Sleepers. *=Connecting train.
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TO LONDON
MONDAYS TO SATURDAYS

																	B	A	AS	BS	AS
Aberdeen	d	–	–	–	–	0625*	–	–	0915	–	0900*	1040*	–	–	1340*	1638*	1915	1930	–	2005	2115
Dundee	d	–	–	0836*	–	0823*	0823*	0922*	1049	–	1033*	1212*	–	1422*	1522*	1808*	2046	2103	–	2141	2256
Edinburgh	d	0655	0755	0855	0855	1010	1030	1151	–	1200	1250	1351	1455	1620	1711	2021	2225	2250	2315	2325	–
Carstairs	a	–	–	0930	–	–	–	1226	–	–	–	1426	–	–	1746	–	–	–	–	–	–
Carstairs	d	–	–	0942*	–	–	–	1238*	–	–	–	1438*	–	–	1758*	–	–	–	–	–	–
Dunbar	a	0719	0828	–	0919	–	1054	–	–	1224	1314	–	1519	–	–	–	–	–	–	–	–
Dunbar (bus)	d	0735	0845	–	0935*	–	1110	–	–	1240	1330	–	1535	–	–	–	–	–	–	–	–
Berwick (bus)	a	0835	0945	–	1035	–	1210	–	–	1340	1430	–	1635	–	–	–	–	–	–	–	–
Berwick	d	0855	0958	–	1055	–	1230	–	–	1400	1450	–	1655	–	–	–	–	–	–	–	–
London King's Cross	a	1309	1454	–	1512	–	1712*	–	–	1815	1952	–	2122	–	–	0423z	0846	0803	0743	0907	0907
London Euston	a	–	–	1429*	–	1535	–	1734*	1810	–	–	1934*	–	2157	2238*	–	–	–	–	–	–

A=Mondays to Fridays. S=Sleepers. z=Arrive 0625 Sundays.
B=Saturdays only. *=Connecting train.
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ALLOCATION OF NORTH SEA OIL REVENUES

BY CHRISTOPHER JOHNSON

The great debate that never was

A YEAR ago, the British Government published a White Paper, *The Challenge of North Sea Oil* which was expected to launch a "great debate" about how North Sea oil revenues should be allocated. It was a short, uninspired piece of Whitehall patchwork. The debate fizzled out, partly because the Government did not ask the right questions.

The North Sea is a success story by the standards of some of Britain's other costly ventures at the frontiers of new technology. But production is slipping behind schedule, for reasons all of which cannot be shrugged off as inevitable technical hitches. Two years ago, the Government's Brown Book forecast North Sea oil output of 60-70m tonnes in 1978. In the end only 53m tonnes was produced.

The North Sea, like the British economy as a whole, has suffered from "adversary politics." When there is a change of party in government, the reversal of previously existing policies often takes precedence over continuity and consensus.

Policies

The climate for oil operations depends not just on taxation, but on the whole range of Government policies. These are the main areas of concern:

Licensing: Between 1964 and 1972, an average of 110 licences a year was awarded in the UK sector of the North Sea. The Fourth Round, in 1971-72, was criticised by the Public Accounts Committee of the House of Commons for giving too much away too quickly. Policy swung to the other extreme, and after a four-year gap during which no licences were on offer, a mere 30 a year were awarded in 1977 and 1978. The Government should aim to increase this to at least 50 a year. This means completing the Sixth Round, which is now in progress, by the end of 1979. Faster licensing is a necessary but not a sufficient condition, of a recovery in the rate of exploration drilling, which fell sharply in 1978.

Depletion: The Government took extensive powers to control the rate of depletion in the Petroleum and Submarine Pipelines Act 1975. They have not yet been much used, but the possibility that future policy may enforce uncommercially slow rates of depletion has had a discouraging effect on North Sea development.

One argument in favour of slow depletion is that the future rise in the price of our oil may make it worth more tomorrow, on a discounted basis, than today. This is a gamble on a sharply rising real oil price, which is as uncertain as any other economic forecast.

Taxation: The UK tax system was widely acknowledged to be too lenient to the oil companies after the 1973 oil price rise. The system adopted in the Oil Taxation Act 1975 was accepted by the oil companies as fair, if somewhat complex. But it has been slow to yield revenue to the Government—a mere £500m in 1978, and perhaps £1bn this year.

It was hardly surprising that last August the Government announced higher rates of North Sea tax—which are expected to come up in the Budget on April 3. But the changes have been heavily criticised. A modification of corporation tax reliefs would have been fairer to the smaller and middle-sized operators than the rise in Petroleum Revenue Tax from 45 to 60 per cent which the Government decided on.

Even so, the Government has estimated in its latest Public Expenditure White Paper that North Sea tax will account for only £1bn of the rise of £4bn in general government receipts projected between 1977-78 and 1980-81. A rise in oil output could in the long run be a more effective means of maximising official revenues than any further increase in tax rates sufficiently onerous to discourage development.

THE NORTH SEA AND BRITAIN'S BALANCE OF PAYMENTS

(£m at current prices)

	1977	1978	1979*
Crude oil exports	927	1265	1850
Crude oil imports	3681	3350	2415
Crude oil balance	−2754	−2085	−565
LESS North Sea imports of goods and services	1218	1260	1430
Oil trade balance	−3972	−3345	−1995
LESS Interest, profits and dividends due abroad	367	420	875
Current account oil balance	−4339	−3765	−2870
PLUS Capital inflow	1349	1000	1000
"Basic" oil balance	−2990	−2765	−1870
Change in "basic" balance on previous year	+951	+225	+895
Production value of North Sea oil	2222	2915	4620
Change in production value	+1578	+693	+1705

* Projected

Source: North Sea Energy Wealth by Christopher Johnson, Financial Times, 1979

State participation: The British National Oil Corporation, as it has turned out, fell a long way short of the original Labour aim of nationalising half of North Sea oil. Its function, like that of its Norwegian counterpart Statoil, may be regarded as that of gradually bringing more oil under domestic rather than foreign ownership. This function could to some extent be carried out through British private sector companies other than BP and Shell, acting in concert with BNOC. Another possibility would be to sell some of BNOC's capital as shares to the public, making it more like a Mark II version of BP.

Now that BNOC exists, it should be given a chance to prove itself as a major operating company. If it were wound up, as Opposition spokesmen sometimes seem to be hinting, it would be difficult to keep its assets in British hands. Such a drastic step would be a typical piece of "adversary politics."

Energy policy: Some of the benefits of North Sea oil will be squandered if the UK's domestic oil consumption increases, either diverting our own oil away from export markets, or slowing down the decline in OPEC imports. In 1978, oil consumption rose by 3 per cent. North Sea oil output rose by 16m tonnes, but exports of crude rose by only 8m tonnes, and imports fell by only 1½m tonnes. The UK should seek to reverse this trend, substituting coal, nuclear power and North Sea gas for oil in the home market—save in oil-specific uses such as petrol and chemicals—so as to free as much North Sea oil as possible for export or import-substitution.

Trading profits

The gross trading profits of the North Sea oil and gas companies after tax were about £2bn in 1978—four times the Government revenues. Some of these profits have to be allocated to interest, profits and dividends due abroad, which is bound to weaken the UK's invisibles balance. But the object of UK oil policy should be to encourage maximum ploughback of profits into new North Sea capital investment, with a view to maintaining production at a high level for as long as possible.

The effect of the North Sea on the Government's economic policies is being felt through the balance of payments, the rate of economic growth, and the inflow of tax revenues. The balance of payments will not improve to anything like the full extent of the rise in North Sea production. In 1978 output of oil and gas rose by £700m, but the balance of payments improved by only £225m, because the UK consumed more oil, and foreign oil companies raptriated more earnings while importing less capital. This year, output should rise by £1.7bn, and the balance of payments improve by about £900m.

North Sea oil has caused the sterling exchange rate to be strong for the past two years, and the Norwegian krone has been similarly buoyant. Both Britain and Norway have had better terms of trade, with cheaper imports, but some of their traditional export industries have suffered a loss of competitiveness.

The strength of the exchange rate causes the non-oil balance of payments to deteriorate as the oil and gas balance improves. Instead of resisting the trend, and intervening to keep the exchange rate down at a "competitive" level, the UK should gradually switch from some of her traditional export lines to other, high technology, high-added value sectors, which—like oil itself—are internationally viable even at a high exchange rate.

North Sea oil will continue to add about half a per cent a year to the growth of Gross Domestic Product until around 1981 when production is likely to stop rising so rapidly. Once output is on a plateau, it should be the objective of UK policy to postpone its decline for as long as possible, since the contribution of oil to the growth rate will then become negative.

The Government is hoping for £4½bn of North Sea tax revenues (at 1977 prices) by the mid-1980s. This somewhat uncertain benefit still lies largely in the future. The issue of how to spend the extra money can be discussed as if it was tax revenue from any other source. It can be spent either on reducing other taxes, or increasing public expenditure, or on cutting the Public Sector Borrowing Requirement.

Since the PSBR is running at 6 per cent of GDP, North Sea tax revenue of about 3 per cent of GDP could at the most only halve it.

There is a case for more public sector expenditure — mentioned in the Government's White Paper — on education, industrial training and health. This could be regarded as a way of improving Britain's "human capital." But the UK must avoid the temptation to which any *nouveau riche* oil sheikhdom is subject — that of frittering away oil revenues on public sector pay just in order to maintain employment.

Investment

There is also a case for public sector investment both in BNOC — which absorbed over half the oil royalties in 1976-78 — and in other forms of energy — coal, gas, nuclear power. But most of the public sector's energy investment would be taking place irrespective of North Sea revenues.

Part of the North Sea revenues have already been used in advance, in both Britain and, even more, in Norway, to cut personal tax and increase transfer payments. While lower income tax may act as an incentive, the 1978 UK Budget well illustrated the dangers of an excess of consumer spending. Tax cuts should be planned in such a way as to stimulate the supply side as well as the demand side of the economy.

The main problems of the UK economy are well known, and will not suddenly be solved by means of a relatively modest increase in government revenue from oil. At least the oil and gas industry itself is a remarkable example of successful and profitable enterprise in the UK. The first challenge of North Sea oil lies in exploiting that success to the full with the least possible delay.

Christopher Johnson is Economic Adviser to Lloyds Bank. His Book, North Sea Energy Wealth 1965-1985, was published on March 20 by the Financial Times Ltd., price £75 for two volumes, and can be obtained from the Book Sales Department, Minster House, Arthur Street, London EC4.

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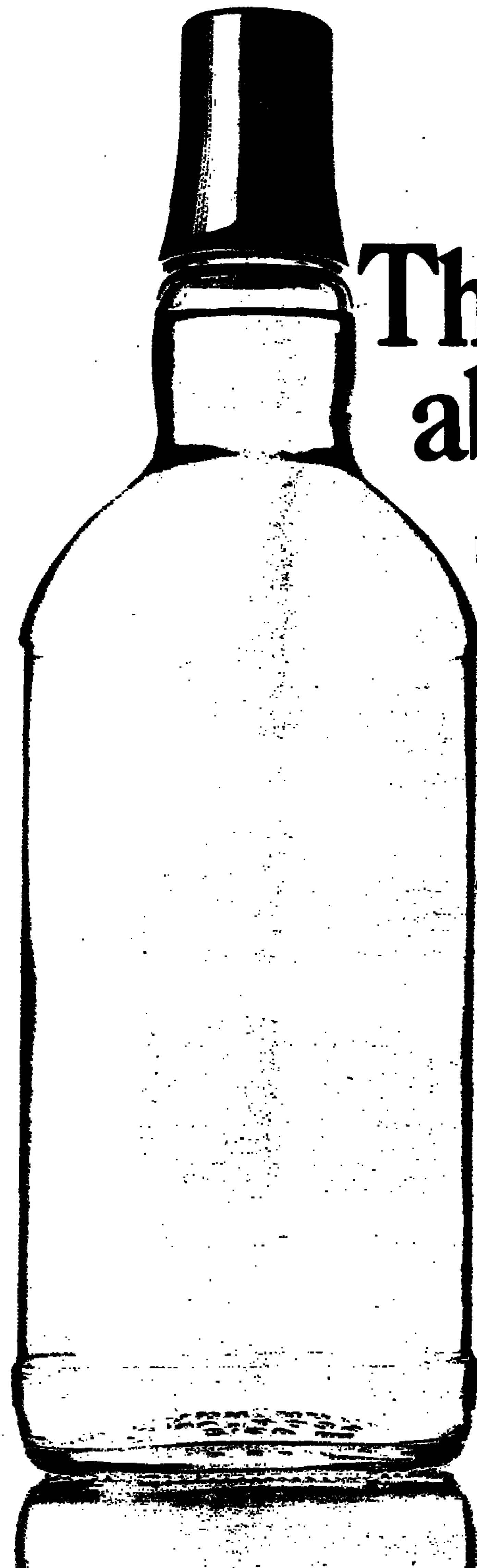

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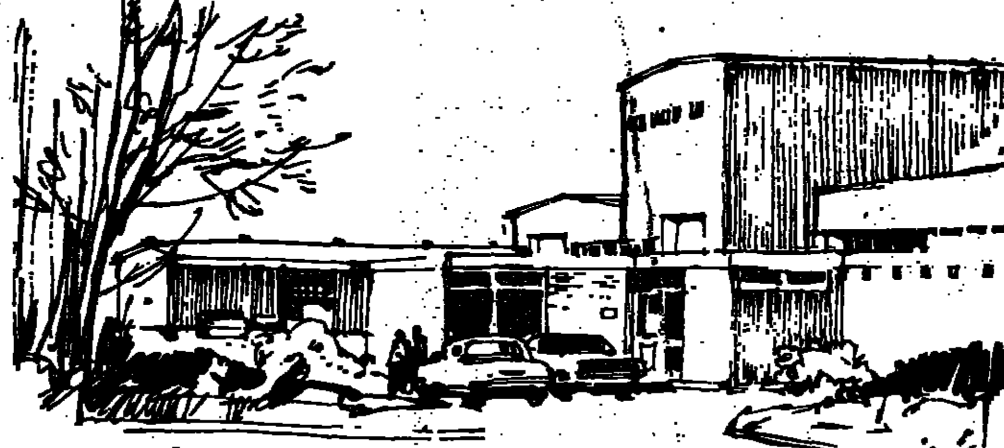

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HE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

XECUTIVE HEALTH BY DR. DAVID CARRICK

Man's foolish quest for perpetual youth

HORS CAN be much ed by strange interpreta- put on their work by ers. I have received several comments about my last e (on keep fit exercises) ding two souls who wrote asked for my advice as to est type of dog to acquire. the risk of further mis- pretation, I wish to con- a subject that is closely d with the keep-fit craze. er to the quest by many perpetual youth and, thus, al life. True, this is no desire. Ancient man, by c, charms, incantations and human sacrifice, was ever clined.

t archaeologists have n, by examining musty s, that few of our early stors were even remotely ssful. If other nasty men vage animals did not send to relatively early graves, those micro-organisms that t us today were just as ssful many thousands of s ago—and they have not bothered to evolve sig- ntly.

t perhaps one only hears ad news. Careful examina- of 16th and 17th century h registers reveals that, if ody managed to pass 50 out succumbing to plagues estilences, a century was by neans impossible. Indeed, e ignores infant mortality, astonishing to see how the ls of an ancient Israelite, porated in Cranmer's book ommon Prayer: "The days of our age are three score years and ten . . ." (Psalm XC 9). have withstood the test of 3,000 years remarkably well.

Man's efforts to stay time, even when evoking the help of Satan, have never proved notably successful. But the old purveyors of magic methods and remedies always did well financially, and their elixirs were seldom harmful unless, perchance, the coloured water employed happened to be contaminated by cholera, typhoid, or whatever.

Offers of aids to retaining youth and health, although not so flamboyantly worded as hitherto, are still to be found in certain periodicals. Grey hair can be "restored to original colour" with something that is "not a dye"; cunning corsets for men can, apparently, help the tubby middle-aged "obtain that job" which would otherwise surely go to the young and slender; and hairpieces and wigs are in ever-increasing demand.

No advertiser for these latter articles has gone so far as to suggest a ruse employed by an elderly man I once knew. He ascended the very summit of vanity and fraud by sprinkling pepper on his shoulders below the ginger wig that hid his total baldness.

It is the right of individuals to *spend their money in any* way that they may wish, but I find it offensive to be shown the literature sometimes sent to presidents and managing directors which is calculated to alarm, and thereby earn large sums of money for the senders.

Emanating from, doubtless, most respectable organisations, some of the claims and innuendoes are nevertheless peculiarly suspect.

Heart attacks

How many chief executives, I wonder, when being informed that one out of 16 of their male employees will suffer heart-attacks during the next 12 months, question such a statement? Not very many, I fear, particularly when this is followed by the extraordinary claim that such disasters will be most common in directors, managers, shop-stewards, etc., because the "life-style" of this ill-assorted collection, along with their "job-stress," allegedly puts them at greater risk.

A solution is offered. By using modern and "well-proven" techniques and other investigations and methods, the writers lead the recipient to suppose that, by sending such liable staff to certain clinics, etc., trouble may be prevented or at least ameliorated. Unfortunately, money, in great or small amounts, can never reap such benefits.

A shining light amid the steel industry's general gloom

Robert Oakeshott visits Sheerness Steel

IN ALL the gloom about the steel industry's troubles in particular, and about the low productivity of British working people in general, it is a cheering surprise to find what appears to be a genuine up-to-date success story in UK steel manufacture, Sheerness Steel.

Coming into production as recently as 1972, the company managed last year to exceed its maximum rated capacity of 425,000 tons of steel billets. It produced a total of 433,000 tons: some 60 per cent of its sales of £55m came from exports: it showed a handy profit (of £3.8m before tax); and its actual steel making (as opposed to rolling bars and rods) was achieved by a labour force which gave it a productivity per man year of not much less than 1,000 tons.

Given the figure of 100 tons of liquid steel production per man year quoted for the British Steel Corporation (BSC) in the Government's March 1978 White Paper, it is scarcely surprising that I was told to expect "South Korean levels of productivity."

More cautiously, Mr. C. C. Schueppert, the company's American chairman and chief executive, said that there was nothing to choose between the output per man at Sheerness and the corresponding figures for similar plants owned by its parent company in the U.S. and Canada. On the other hand, higher energy and scrap prices in the UK meant that Sheerness was slightly less profitable than its counterparts on the other side of the Atlantic.

These crude *global* productivity comparisons must tell us *something* about relative efficiencies even if, for a whole series of reasons, the particular productivity comparison with Sheerness is unfair to the BSC.

Of course, much is explained by the all-modern plant and machinery installed at Sheerness, which includes two electric arc furnaces and two four-strand continuous casting machines.

But apart from plant and equipment factors, what is interesting about the high productivity and success at Sheerness is that its experience seems to provide ammunition both for those, like Prince Charles, who blame management *for most of the ills of* British manufacturing and for those, on the other side, who put most of the blame on the defensive and negative attitudes of British unions.

The success at Sheerness also provides good supporting evidence for the "small" is efficient" school of thought. "The management of 800 people is a much much easier task than the management of workforces 10 times that number which you find still in the really large integrated steel operations in the UK and elsewhere," Mr. Schueppert says.

Sheerness Steel is a wholly owned subsidiary of the Canadian-owned holding company, Co-Steel International, which owns a number of similar operations on the other side of the Atlantic—in Canada and Texas, for example. Its top management is Canadian and American.

C. C. Schueppert—a combination of professionalism and success

Leadership

Hugh Billot, the company's *industrial relations and* personnel manager, whose experience before coming to Sheerness was all or almost all with British management, ascribes much of the company's success to its top leadership. He is particularly impressed by its *emphasis on professionalism*—on ensuring that the person on the spot knew the right answer and could therefore make the right decision more or less at once—when problems arose.

This policy, Billot says, applied at all levels. He mentions with special pride a programme which, he says, will eventually ensure that the entire shopfloor has acquired appropriate City and Guilds or similar qualifications.

A combination of professionalism and success are, he argues, the key ingredients in the company's high level of morale. As evidence of this, he cites the Sheerness average daily sickness figure (including uncertified sickness) of 4 per cent in 1978 and its 9.8 per cent figure of annual labour turnover —which is certainly low for the area. The final point he made about the top U.S./Canadian leadership has to do with the very frequent presence of senior managers on the shopfloor.

But it would clearly be wrong to conclude from this evidence *that if only British management* would guide itself by North American practices all in UK manufacturing industry would be well. Sheerness is not Tyneside. Nor is it one of the old steel making centres of South Wales. Indeed, before the *arrival of Sheerness Steel in the* early 1970s the area had no steel making traditions at all.

So the work practices and methods associated with older methods of steel-making do not exist in Sheerness. More generally, industrial capitalism as experienced in the Isle of Sheppey's labour force has been much less tough and demoralising than in Britain's old industrial centres. The instinctive responses of the shop floor are consequently much less *defensive.*

But whatever the precise mix of causes, there can be little doubt that Sheerness is a success for both sides of industry. After an average increase of just over 11 per cent in the latest round, last October, pre-tax shopfloor wages—including overtime—are currently about £6,000—or a good 20 per cent above the general level in the industry. There has been only one major strike since the plant opened, and that was over a recognition issue in 1974. Under the *compromise solution* by which the dispute was resolved the company negotiates with a single body, the Joint Representative Committee, which embraces all the relevant unions.

Given the comparatively high morale of the labour force, top management is, of course, free to concentrate more of its energies on the crucial problems of selling steel in today's markets. Sheerness' 1978 record of producing just above its rated maximum capacity may be set against the corresponding BSC figure of rather over 60 per cent. The projections for the current year show a further slight increase in output at Sheerness.

Mr. Schueppert's main sales worry recently has been that *Chinese purchases of Japanese* and South East Asian steel during 1979 would fall short of their targets because of the invasion of Vietnam and thus that quantities of Far Eastern Steel would spill over and compete with Sheerness products in the markets of Africa and the Middle East.

While he seems reasonably optimistic that his entire output—at above capacity working—will in fact be sold, he *emphasises strongly that* the company has no plans to instal any new capacity under its investment programme.

Instead the company's £15m current investment programme to the end of 1981 has been designed to reduce costs — though apparently without any significant reduction in the present labour force of just under 800 — and improve the quality of its bar and rod mill products.

Improvements after 1981 will probably concentrate on inward and outward transport arrangements.

It would be attractive to think that Sheerness Steel provides a widely replicable model for UK steel manufacture in the 80s and 90s. Its almost human scale — 800 people — is obviously appealing. And the fact that 95 per cent of its output is based on scrap inputs — roughly a quarter of which comes, since last year, from its own car fragmentation plant — will appeal to those who put a high value on the protection of the environment.

A steel industry consisting of 30 or 40 Sheerness size plants, dotted around the country's smaller towns (the population of the whole of Sheppey is not much more than 40,000), using mainly scrap for raw material and paying high wages and earning handy profits, would attract support from a wide range of quarters.

Attractions

Alas, and quite apart from *the threat that* concerted policies in that direction would pose for BSC's existing integrated steel works, not more than about one third of current steel demand, in the UK and elsewhere, could be satisfied using Sheerness type technology and scrap as raw material.

All the same, there are considerable attractions in the possibility of ten or 15 Sheerness-scale operations being developed in medium sized UK centres over the next decade or so. At present only a tiny handfull exist.

Robert Oakeshott is Director of Job Ownership Ltd., an agency which promotes worker-owned co-operatives.

The public comes clean on private medicine

THE private medical sector and the medical insurance industry have been given more muscle in their fight for existence by the latest opinion poll commissioned by British United Provident Association, the largest medical insurance agency in the UK.

BUPA asked National Opinion Polls to ascertain the interest of the public in private medical treatment in general and the provision of this benefit as an employee "perk." The findings of the survey, released at the weekend, perhaps surprisingly came out much in favour of both. The survey was conducted across the spectrum of employees—both manual and staff.

On the question of private medicine, 73 per cent of all trade unionists supported or were prepared to accept its existence, while only 11 per cent were definitely opposed. When further divided among the unions, 69 per cent of the health service unions were not opposed. This survey's findings, which echo the results of previous surveys on the subject, opens to question the role of trade union spokesmen in demanding the abolition of private medicine.

Further questions on the role of private treatment and the income accruing to the NHS showed that the majority was against the action being taken by the Government over the phasing out of pay beds.

The survey then asked employees whether they were interested in having free private medical insurance for themselves and their families as an employee benefit. Over 60 per cent said they were while 4 per cent already had the benefit. Only 21 per cent were not interested. A similar proportion of *manual* workers were in favour.

The actual question was misleadingly worded, since the benefit is not free even if the company pays all contributions. The employee is taxed as a benefit in kind, but probably does not realise this. The support for private medicine by manual workers is interesting, especially since trade union leaders have been violently opposed, at least in their public pronouncements. According to BUPA the attitude of manual workers towards egalitarianism is changing. BUPA is now arranging medical schemes which cover all employees and which is being welcomed by the manual unions involved.

More important, the employee now sees private medicine as offering an alternative to the take-it-or-leave-it attitude of many NHS doctors.

Eric Short

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The magic of the £8½bn PSBR

BY SAMUEL BRITTAN

WHAT IS so magic about the £8½bn figure for the UK public sector borrowing requirement to which the Chancellor is pledged for 1979-80, and to the fulfilment of which all efforts are being bent? These questions are asked from two sides: from the latterday Gladstonians who think there should be no public borrowing at all and from rational sceptics who ask what is so special about this particular figure. How do we know that it should be £8½bn rather than £7bn or £10bn?

The answer is we don't: the £8½bn PSBR figure was originally an official forecast made last autumn. It also corresponds to the total originally planned for 1978-79. It became a firm target this January when the Government had to show it was standing firm in the face of the pay policy breakdown. Its logical role is first and foremost as a guarantee of the monetary guidelines. Although a higher PSBR could for at least a time be financed without borrowing from the banking system, at a cost in interest rates, the financial markets would rightly view such claims with suspicion.

A true monetarist would proceed in an entirely different way. He would establish a three- or four-year plan for reducing the growth of the money supply. This would be accompanied by a phased programme for reducing public sector borrowing to a sustainable level. Once firmly committed to such a timetable, temporary variations in the PSBR due to the effects of recession on revenue, or greater or lesser difficulty than expected in borrowing on gilt-edged, could be taken in one's stride.

Timetable

It is because the Government—or more particularly its advisers—pursue a reluctant, unbelieving and hand-to-mouth monetarism, with objectives no more than 12 months ahead, and adjustable every six months, that it becomes so important to nail it to the targets of the moment. The £8½bn figure has, like it or not, become a symbol of resolve not to finance accelerating inflation. Its abandonment would be taken as a sign that even this kind of hand-to-mouth monetary control was being abandoned.

But supposing one did have a medium-term strategy, what would it look like on the fiscal side? Many modern monetarists, so far from arguing that money alone matters, now insist that the money supply cannot be controlled if the budget deficit is out of control. A particularly clear presentation of the case was made by Terry Burns of the London Business School at a recent Laurie, Milbank Gilt Edged Seminar.

His essential point is that the private sector will have certain portfolio preferences for money, bonds and other financial assets. These preferences can be influenced by varying interest rates. But if governments try to finance Budget deficits indefinitely by selling more gilt-edged than the non-bank public wishes to hold, this will require not merely higher interest rates, but indefinitely rising rates. The problem is complicated by the difficulty of ascertaining what these private portfolio preferences are, by fluctuations and trends in them and by variations in private sector bond issues.

But it is still true that the lower the money supply objective the lower has to be the basic PSBR. The effect of overseas borrowing which I discussed in Economic Viewpoint on March 8, could radically change the argument, but not the conclusions.

Found easy

The portfolio balance approach does allow for temporary increases in the PSBR during recessions. For when there is less private sector borrowing there is a temporary increase in willingness to hold Government bonds. That is why most Governments found it surprisingly easy to finance Budget deficits in the 1975 recession without a monetary explosion. In practical terms this would support the calculation of the constant employment or "standardised" PSBR favoured by some Keynesians—and also Prof. Milton Friedman.

The real trouble with the constant employment balance is that everything depends on the level of employment regarded as normal. The NIESR for instance based its calculation on 1973, when unemployment was just over 2½ per cent, and on this basis conclude that the adjusted PSBR is now effectively zero. This lends itself to abuse. Even if 2½ per cent had been a sustainable unemployment rate in 1973, it is unlikely to be so now.

Thus in the context of a three or four year plan, the Chancellor could allow say £1½bn to £1bn increase in borrowing in 1979-80, if this turned out to be a recession year. But as there is no such plan (and a pre-election period is hardly the time to announce one), the practical choice is between sticking to £8½bn, or back to the bad old inflationary ways. Even if the April 3 Budget is purely a holding operation to fulfil legal pre-election requirements, measures to secure the £8½bn will be required immediately political life returns to normal.

Losing the right to buy his council house

THE WEEK IN THE COURTS

BY JUSTINIAN

WORKER POWER, pupil power—these have featured in the news from time to time. How about tenant power? What effective control does a tenant have, whether in legal rights or naked power, over the premises that he rents? If he wants to buy the home he rents, what right has he to compel his landlord to sell to him?

Those are among questions that come to mind after reading and reflecting upon the House of Lords decision in *Gibson v. The Council of the City of Manchester*, a case of more than local interest.

If ever there was a perfect council man, it was Mr. Gibson. He worked for his council as a senior clerk in the works department. He lived in a council house. He wanted to buy it.

The Conservatives on the council favoured a policy of selling council houses to tenants. From 1968-71, Manchester had a Conservative council, and that policy prevailed.

In May, 1971, after local elections, there was a change of council from Conservative to Labour, and with it a change of policy: no more sales of council houses to council tenants. Existing contracts for the sale of council houses would be honoured. Fresh contracts would not be made.

That gave rise to a spate of legal issues and litigation. There were about 350 cases to consider. One, Mr. Gibson's, was a test case. It received consideration at all levels, with an answer at the highest that differed from those at the lowest and intermediate levels.

The first round was fought at Manchester County Court.

Mr. Gibson submitted that a legally binding agreement had been made in 1971 by Manchester City Council with him, enabling him to buy his house for £2,180, which was a fifth below its market value in 1970.

That agreement resulted from his acceptance of an offer by the council. The offer was in a letter dated February 10, 1971, which the city treasurer sent him, enclosing an application form. Mr. Gibson accepted by completing and returning the application form and by writing and sending a letter dated March 18, 1971.

On December 15, 1976, Judge Bailey gave judgment. He looked at those documents to see whether there was an offer of sale and an acceptance. He decided that on their correct interpretation there was. He ordered the parties to sign a contract for the sale of the house at £2,180. Victory to Mr. Gibson.

The second round was fought in the Court of Appeal, where on January 17, 1978, a majority, adopting a fresh approach, reached the same result.

Lord Denning, Master of the Rolls, always a pioneer of fresh paths to the goal of justice, said: "To my mind, it is a mistake to think that all contracts can be analysed into the form of offer and acceptance. . . . As I understand the law, there is no need to look for a strict offer and acceptance.

"You should look at the correspondence as a whole and at the conduct of the parties and see from these whether the parties have come to an agreement on everything that was material.

"If by their correspondence and their conduct you can see an agreement on all material terms, which was intended thenceforward to be binding, then there is a binding contract in law even though all the formalities have not been gone through."

Lord Justice Ormrod, agreeing with Lord Denning, said: "It is necessary in considering this case . . . to remember that this is not a sale or an alleged contract of sale between two private individuals or between an individual and some form of industrial or commercial concern.

"We are dealing here with a policy decision by a council (a local authority) to sell council houses to tenants."

To both those judges it was "as plain as can be" that there was a complete agreement of all the essential terms of the contract.

Lord Justice Geoffrey Lane dissented. He said that what had to be decided was whether there was an offer by the council to sell and an unconditional acceptance by Mr. Gibson to buy, enabling a formal contract to be drawn without further reference to the parties and containing all the material terms that would eventually have to find their way into that contract.

He said that it was plain to him that the council's letter dated February 10, 1971, was not a firm offer to sell Mr. Gibson his home.

The second round ended with yet another victory for Mr. Gibson. But the third round, fought in the House of Lords, was decisive.

Five Law Lords voted unanimously in favour of the city council this year.

The Law Lords ruled that Lord Denning and Lord Justice Ormrod were led into error by departing from the conventional approach of looking at the handful of documents relied upon as constituting a contract and seeing whether on their true interpretation there was to be found in them a contract—an offer by the council to sell Mr. Gibson his house, and an acceptance of that offer by Mr. Gibson.

Lord Diplock said: "There may be certain types of contract, though I think they are exceptional, which do not fit easily into the normal analysis of a contract as being constituted by offer and acceptance; but a contract made by an exchange of correspondence between the parties in which the successive communications other than the first are in reply to one another, is not one of these."

The crucial letter from the City Treasurer dated February 10, 1971, said that "the corporation may be prepared to sell the house to you at the purchase price of £2,725 less 20 per cent=£2,180 (freehold) . . . If you would like to make formal application to buy your council house, please complete the enclosed application form and return it to me as soon as possible."

The Law Lords had no difficulty in interpreting that letter. Lord Russell of Killowen said: "I cannot bring myself to accept that a letter which says that the possible vendor 'may be prepared to sell the house to you' can be regarded as an offer to sell capable of acceptance so as to constitute a contract. The language simply does not permit such a construction."

What a contrast to the view of Lord Justice Ormrod in the Court of Appeal!

He said that had the paragraph read "The corporation are prepared to sell the house to you at the purchase price," it would be difficult to contend that that was not a firm offer capable of acceptance by Mr. Gibson and, if accepted by him, would constitute a contract.

He added that in the light of the background, the circumstances and the relationship that had been established between the parties, the use of the phrase "may be" could make no difference. There was at the relevant time no outstanding contingency against which the council was committing itself.

After his victories in the first two rounds, an overwhelming defeat for Mr. Gibson in the final.

But the defeat will not be in vain if it leads eventually to a fresh realisation of the need to give tenants not merely security of tenure and protection against arbitrary rent increases, but also positive rights, powers and responsibilities over premises which, after all, are their homes for life.

Plea for higher child benefit

CHILD BENEFITS should be index-linked to prices or earnings, says the Child Poverty Action Group today in a memorandum to Mr. Denis Healey, the Chancellor.

With the abolition of child tax allowances this April, the only instrument available to Chancellors who wish to keep the tax-free real income of taxpayers with children in line with the index of personal allowances of other taxpayers is to increase child benefits.

These should be put at the level claimed by unemployed and sick claimants.

Regional aid £21 a head

REGIONAL preferential assistance to industry in all assisted areas amounted to £507.5m in the financial year 1977-78, or £21.1 per head of population in the areas, Mr. Leslie Huckfield, Parliamentary Under Secretary at the Department of Industry, has told Mr. Robert Cryer (Lab., Keighley) in a written answer.

This compared with £719m, or £29.9 per head, in the previous year and with £254.1m or £10.5 per head, in 1972-72.

No racegoer should be without this remarkable publication

RACING

BY DOMINIC WIGAN

FOR THOSE who have not had the opportunity to browse through Racehorses of 1978 or who have decided reluctantly that Timeform's name of the company annual is beyond their means, I believe that four words suffice: take a good look.

There is no doubt in my mind that anyone who intends taking more than a passing interest in the goings-on of the next eight months will simply not be equipped without a copy of this remarkable publication.

It is probably no exaggeration that this book, measuring 8 inches by 5 inches represents real value at £22 and is indispensable to anyone seriously involved in flat racing, on the betting or the breeding side.

Racehorses of 1978 contains more than 1,000 pages with comprehensive commentaries on thousands of horses including every one of the 6,500 or so that ran in 1978 and boasts a unique pictorial record. Its 20 or so sections include 350 photographs of Europe's leading horses and most important races, and an equivalent number covering race finishes and individual portraits.

As for the future, whether concerning revitalisation of the principal handicaps, the role of the St. Leger, or the difficulties facing owners of high-class stayers, Racehorses has, as usual, strong views.

Although I cannot agree with or understand its call for financial encouragement to breeders and owners of stayers—particularly after the comment, "any breeder today who persisted in trying to breed stayers would be on his way to bankruptcy," most of Racehorses's views bear the closest scrutiny.

In its call for the ceiling to be raised on top handicap prizes that have lost much ground on pattern races, Racehorses puts forward a strong if not unarguably powerful case in favour of its appeal.

Racehorses of 1978 is available from Timeform, Halifax, West Yorkshire HX1 1XE (£22 including post in UK). From the same stable are Timeform Computer Timefigures of 1978 (£7) and Timeform Horses to Follow (£2).

LEICESTER
2.15—The Sampson Boys**
2.45—As I Wish
3.15—Prince Henham***
4.45—Harebell

Steel men back

By Our Scottish Correspondent

STEEL PRODUCTION at Ravenscraig, Motherwell, resumed yesterday after an unofficial two-week strike of about 250 men in the continuous casting and basic oxygen departments was called off on advice of the Iron and Steel Trades Confederation.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Barnaby. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 Baggy Pants and the Nitwits. 5.00 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 A Question of Sport.
7.20 The Rockford Files.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "In the Glitter Palace."
11.00 Tonight.
11.40 News Headlines.

All Regions as BBC-1 except at the following times:—

Scotland—10.00-10.20 am For Schools (around Scotland). 5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Wales—1.45-2.00 pm Pila Pala. 4.40 Crystal Tipps and Alistair. 4.45-5.00 Tren Sgrech. 5.55-6.20 Wales Today. 6.50-7.20 Heddiw. 11.40 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Scene Around Six. 6.20-6.50 Hello Sunshine. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Let's Go.
4.50 Open University.
6.55 The Water Margin.
7.40 Mid-evening News.
7.45 Horseback.
8.10 Lennie and Jerry.
9.00 Fawlty Towers.
9.30 Horizon.
10.20 Arena.
11.00 The Light of Experience.
11.15 Late News.
11.30 Telé-journal.
11.55 Closedown, Reading.

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News plus FT index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 3.20 This Year Next Year. 4.20 Clapperboard. 4.45 Horse in the House. 5.15 Batman.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Kenny Everett Video Show.
7.30 Coronation Street.
8.00 A Sharp Intake of Breath.
8.30 World In Action.
9.00 Danger UXB.
10.00 News.
10.30 Four Party Discussion.
10.45 Eamonn Andrews Show.
11.45 Thames Debate: "Who Stands for Europe?"
12.40 am Close: A painting by El Greco with music by Juan Martin.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Monday Film Matinee: "A Prize Of Gold" starring Richard Widmark. 5.15 University Challenge. 6.00 About Anglia. 10.45 And the Music Goes Round and Around, And It Came Out Here. 11.15 TV Movie: "Ugwed Father." 12.40 am Reflection.

ATV

1.20 pm ATV Newsdesk. 5.15 Give Us A Clue. 6.00 ATV Today. 10.45 Left, Right and Centre. 11.15† For Better, For Worse. 11.45 Barnaby Jones.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Matinee: "The Private Life of Henry VIII" starring Charles Laughton. 5.15 University Challenge. 6.00 Lookaround Monday. 6.20 The Sound of . . . Nicky Martyn. †10.45 Late Film: "Hammerhead," starring Vince Edwards. †12.30 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Monday Matinee: "House of Secrets." 5.15 University Challenge. 6.00 Channel News. 6.10 The Amazing Chan and the Chan Clan. 10.28 Channel Late News. 10.32 Feature Film: "Robbery." 12.30 am News and weather in French followed by Channel Gazette.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 University Challenge. 6.00 Grampian Today. 6.05 The Electric Theatre Show. 10.45 Reflections. 10.50 The Monday Film: "Fat City" starring Stacy Keach. 12.35 am Grampian Late Night Headlines.

GRANADA

1.20 pm Dodo. 2.25 Monday Matinee: Patricia Neal in "A Love Affair: The Eleanor and Lou Gehrig Story." 5.10 Max the 2,000 Year-Old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 10.45 Reports Politics. 11.15 House of Horrors: "Satan's School for Girls."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. †10.45 Monday Film: "The Girl Who Couldn't Say No."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 2.25-3.20 After Noon Plus (as HTV General Service). 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

1.25 pm News and road and weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Crimedesk. 6.30 Wilkie in Winter. 10.45 Home and School. 11.15 Late Call. 11.20 Twist in the Tale.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Monday Matinee: "The Greengage Summer" starring Kenneth More. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 10.45 Southern News Extra. 10.50 Music in Camera. 11.20 Barnaby Jones. 12.20 am Farm Progress.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 North East News and Lookaround. 2.25 Love Boat. 3.20 Generation Scene. 3.35 Cartoon Time. 3.50 Little Vic. 5.15 University Challenge. 6.00 Northern Life. 11.45 Cash and Co. 12.45 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Keep Up With Yoga. 2.55 The Friends of Man. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.45 Compass. 11.15 Rafferty. 12.10 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Monday Matinee: "House of Secrets" starring Michael Craig. 5.15 University Challenge. 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.45 Feature Film: "Robbery" starring Stanley Baker. 12.45 am Faith for Life. 12.50 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Monday Matinee: "Cactus Flower" starring Walter Matthau, Goldie Hawn and Ingrid Bergman. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 Police Surgeon.

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Nigel Rees (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Music from the Movies (S). 7.30 Alan Dell: 7.30 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 The Monday Movie Quiz. 10.30 Star Sound. 11.02 Harry Rowell with Round Midnight including 12.00 News. 2.00-5.00 am You and the Night and the Music with Len Jackson (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Liszt (S). 10.00 Talking About Music (S). 10.30 Music Making (S). 11.30 Prayers from the Ark (S). 11.50 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Scandinavian Organ Music (S). 2.45 Matinee Musicale (S). 3.45 New Records (S). 4.55 Bandstand (S). 5.25 Homeward Bound (S). †5.45 News. †5.50 Homeward Bound. †6.15 At Home: Menuhin as violinist and conductor. 7.10 "Omar Khayyam": The Ruba'iyat according to Edward Fitzgerald; music by Bantock, part 1 (S). 8.50 The Grooves of Change (talk by Roger Fiske). 9.10 "Omar Khayyam," part 2 (S). 9.50 Interval Reading. 10.00 "Omar Khayyam," part 3. 10.45 The Haunt for Charles Addams (interview with cartoonist). 11.25 Jazz in Britain (S). 11.55-12.00 News.

6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today: magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Ray Gosling with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Countryside in Spring. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1979 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Tell Me Where It Hurts (S). 7.00 News. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play (S). 9.00 Change of Direction. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Perspective: Sir William Haley talks about the post-war development of television. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. From 1.05—Join Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8 pm LBC Reports including George Gale at 3 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.0 am Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,931

ACROSS

1 Left-hander for Pole to maul about (8)
5 Agile student is getting doctor's backing (6)
10 Addition to verdict on bus passenger (5)
11 Runners taken from court in London (3, 6)
12 Passion to dilute strong spirits (4-5)
13 Lead to safety (5)
14 Island in Tweed (6)
15 Omission of letter arrangement is no lie (7)
18 Put into words sound made by accused (7)
20 Ill-treat Frenchman with one southern custom (6)
22 Cockney layer with petition to follow (5)
24 Tory disciple gives signal on sailing away (4,5)
25 Offensive fool at home is far from 21 (4,2,3)
26 A colossal stop at sea (5)
27 Bass for example is suggested on a scorcher (6)
28 Go light on eastern railway for vegetation (8)

DOWN

1 Confession when short gets summary treatment (6)
2 Secret with one's signature attached (9)
3 Early English hero makes man give prize to funeral celebration (8,3,4)
4 Artist upset over objection to American strawberry tree (7)
6 Top for a start (2,3,5,5)
7 Poles ever ready to mock (5)
8 Corresponding game with gin cocktail (8)
9 Dodge used by Wimbledon leader in game's opening shot (6)
16 Never suited during day one had a meal (9)
17 Know-alls from well-informed London hospital (4-4)
19 Lower some French foundation (6)
20 Keener to put Irish mountains right? (7)
21 Fairly attractive (6)
23 Sarah willing to go to beauty parlour (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA returns April 4 with MARRIAGE OF FIGARO. Rep. incl: CARMEN, MANON. Now booking for all May perfs. (Tel. bkgs from tomorrow).

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903) THE ROYAL BALLET Ton't 7.30 Swan Lake. Wed 7.30 Diversions, La Fin du Jour, Elite Syncopations. Thur 7.30 Mayerling. Fri 7.30 Enigma Variations, Symphonic Variations, The Concert. THE ROYAL OPERA Tue & Sat 7.00 Don Carlos. 65 Amphi seats avail for all perfs from 10 am on day of perf.

DOMINION. Tott. Ct. Rd. 580 9562. LONDON FESTIVAL BALLET Last week. Evs. 7.30. Mat: Sat. 2.30. Ton't and Tomor. Nureyev's production of Tchaikovsky's THE SLEEPING BEAUTY. Tonight: Ruanne Kage. Wed to Sat Les Sylphides, Petrouchka, Prince Igor.

SADLER'S WELLS THEATRE. Rosebery Ave. 837 1672. Last Week. THE BOLSHOI PUPPET THEATRE OF LENINGRAD Evgs. 7.30: The Good Soldier Schweik. "Theatrical achievement of the highest quality." D. Tel. Seats avail £1 to £5. Thur at 2 and Sat 2.30: The Fairy Story of Emilio.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thur. 3.00. Sat. 4.00. (Seats from £1 at doors). IT'S GREAT ENTERTAINMENT IT'S SPECTACULAR IT HAS WONDERFUL SONGS BEYOND THE RAINBOW LONDON'S HAPPIEST MUSICAL Over 150 perfs. Now booking to Sept. SPECIAL PERF. GOOD FRIDAY AT 7.30.

ALBERY. From 8.30 am. 836 7878. CC. Bkgs. 836 1071-3. Party rates. Evgs. 7.45. Thurs. and Sat. 4.30, 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S "MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY DOTRICE GILLIAN BURNS, MARGARET BURTON CHILDREN'S HALF-PRICE OFFER DAY OF PERF. NOW BOOKING TO 1980.

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY Box Office open 10 am-6 pm. Now bkg. for new London season from 9 April. LOVE'S LABOUR'S LOST, THE TAMING OF THE SHREW, new production Mikhail Bulgakov's Russian masterpiece THE WHITE GUARD. Book now in person, by post or by phone (01-836 6808) for new WAREHOUSE season.

AMBASSADORS. CC. 01-836 1171. DINSDALE LANDEN GWEN WATFORD DAVID BURKE ANGELA DOWN in BODIES by James Saunders Red. Price Previews from April 11. Mon-Sat 8 pm. Opens April 23 at 7 pm. Sub evgs 8pm. Fri & Sat 5.30 & 8.30.

AMBASSADORS. 836 1171. Until Wed. Evgs. 8.00. Mat. Tue. 2.45. Sat. 5 & 8. AGNES BERNELLE with THE RADIATORS sings Brecht, Weill etc. "The super stylist should be seen." Daily Mail. From Thur ANNA MANAHAN.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15.

ASTORIA THEATRE, CC. Charing Cross Rd. 734 4291 or 439 8031. Mon.-Thurs. 8.00 pm. Fri. and Sat. 6.00 and 8.45. ELVIS BEST MUSICAL OF 1977 EVENING STANDARD AWARD Group bookings 01-437 3856.

CAMBRIDGE. 01-836 6056. B.O. open Mon.-Sat. 10 am-10 pm. Sun. 11 am-7 pm CREDIT CARDS 01-836 7040. RED. PRICE PREVS. FROM MARCH 30 Mon.-Thur. 8.0. Fri. & Sat. 5.00 & 8.30. Opens April 10 at 7.00. CHICAGO THE HIT BROADWAY MUSICAL Group Bookings 01-437 3856. SPECIAL PERFS GOOD FRI. 8 pm.

CRITERION. From 8.30 am. 930 3216. CC bkgs. 836 1071. Evs. Mon. to Thurs. 8.00 Fri. and Sat. 5.45 and 8.30. BEST COMEDY OF THE YEAR Evening Standard Drama Awards. GLOO JOO Michael Hasting's quick-witted farce on how to become a legal immigrant in one easy wedding." Observer. "THE MOST HILARIOUS PLAY FOR YEARS." Financial Times.

DRURY LANE. CC. 01-836 8108. Mon.-Sat. 8.00. Mats. Wed. and Sat. 3.00. A CHORUS LINE "A rare, devastating, joyous, astonishing stunner." Sunday Times. LAST WEEK

DUCHESS. 01-836 8243 Mon. to Thurs. Evgs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth Sensational Year.

DUKE OF YORK'S. CC. 01-836 5122. Evenings 8.00 pm. Mats. Thurs. 3.00 pm. Sats. 5.30, 8.30. TOM COURTENAY FELICITY KENDAL CLOUDS "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." Daily Telegraph.

FORTUNE. 836 2238. Evgs. 8.00. Thurs. 3.00, Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR

FRENCH INSTITUTE, Queensberry Place, South Kensington. Friday 30th March at 7.30. Theatre aux Mains Nues presents LA BALLADE DE MISTER PUNCH in Puppet Theatre 79 Festival. Seats: £1.50, £1.00 for members, students & groups over 10. Tel: 589 6211 ext 40 (office hours).

GARRICK. CC. 01-836 4601. Evgs. 8.00. (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IAN LEVIN'S New Thriller DEATH TRAP "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS, VERY FUNNY, MARVELLOUS ENTERTAINMENT." S Tel. "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. 8.15. Wed. 3.00. Sats. at 6.00, 8.40. ALISON STEADMAN CHRISTOPHER CAZENOVE in JOKING APART "ALAN AYCKBOURN has done it again. His latest comedy sparkles with wit." NoW. "SPLENDIDLY FUNNY." D. Exp. "IT'S A HIT. NO JOKING." S. Mirror.

GREENWICH THEATRE. 01-858 7755. Evenings 8.00. Mat. Sat. 2.30. LEONARD ROSSITER in David Turner's comedy SEMI-DETACHED

HAMPSTEAD. 722 9301. Evgs. 8.00. Sats. Mats. 5.00. John Byrne's NORMAL SERVICE "IS A COMPLETE SUCCESS. VERY FUNNY AND VERY HUMAN." F. Times. "A GEM OF A PLAY." E. News.

HAYMARKET. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30. Sat. 4.30, 8.00 KEITH MICHELL SUSAN HAMPSHIRE in the new SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI

HER MAJESTY'S. CC. 930 6606. Evenings 8.0. Mats. Wed., Sat. 3.00 AIN'T MISBEHAVING The new Fats Waller Musical Show.

KING'S HEAD. 226 1916. Dnr. 7. Show 8. HOAGY, BIX & WOLFGANG BEETHOVEN BUNKHAUS by Adrian Mitchell. Must end March 31.

KING'S ROAD THEATRE. 01-352 7488. Monday to Thursday 9.00. Friday and Saturday 7.30 and 9.30. THE ROCKY HORROR SHOW DON'T DREAM IT. SEE IT. LAST WEEK HERE. Transfers to Comedy Theatre Fri. Apr. 6.

LYRIC THEATRE. CC. 01-437 3686. Evenings 8.0. Thurs. 3.0. Sat. 5.0, 8.30. BARBARA JEFFORD FRANK FINLAY FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatres Award. COMEDY OF THE YEAR. "TOTAL TRIUMPH." Evg. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 01-629 3036. Prev. Tmr. at 8.0 Opens Wednesday at 7.0. Subs. Evgs. 8.0. Sat. 6.0 & 8.45. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE "A laugh riot . . . sheer . . . not to be missed. Treat yourself to a good time and see it." S. Express.

NATIONAL THEATRE. 928 2252. PERFORMANCES (except "Platform") SUSPENDED DUE TO UNOFFICIAL STRIKE ACTION BY STAGE STAFF. Platform performance in the LYTTELTON at 6.00: NT actors in a new play by Gawn Grainger: Lies in Plastic Smiles (45 min platform perf. tkts 50p).

OLD VIC. 01-928 7616. Last Week of Young Vic Co. in Shakespeare Season directed by Michael Bogdanov. Ton't 7.30 Tomor 2 HAMLET. Tomor 7.30 THE TEMPEST. Wed 7.30 RICHARD III (Tkts up to £2).

OPEN SPACE. 01-387 6969. 'til Apr. 8. Tues-Suns 8. MOVING BEING in VENUS IN FURS.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. & Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. Tonight at 7.30. Tomor. and Thurs. 8.00. Wed. and Fri. 6.15 and 8.45. 7 perfs only. The One and Only BOB HOPE With Singing Dancing sensation from USA LESLIE UGGAMS BOOK NOW. 01-437 7373.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 & 8.30. DIANA RIGG, JOHN THAW in NIGHT AND DAY A new play by TOM STOPPARD Directed by Peter Wood. BEST PLAY OF THE YEAR Evening Standard Drama Award.

PICCADILLY. From 8.30 am. 437 4506. Credit Card bookings 836 1071. Mon.-Fri. at 8.00. Sats. 5.15 and 8.15. A NIGHT WITH DAME EDNA and a handful of cobbers. Starring the annoyingly successful BARRY HUMPHRIES GOOD SEATS AT DOOR. ENDS APL 28. LAST 5 WEEKS.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs., Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. 01-930 8681. Credit card bookings 930 0846. Mon. to Thurs. 8.00. Friday and Sat. 5.00 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE "If you don't laugh, sue me." D. Exp. A National Theatre Production.

QUEEN'S. CC. 01-734 1166. Evs. 8.00. Fri. and Sat. 6.00 and 8.45. "MAGICAL" TOMMY "A DREAM OF A SHOW." Evg. News. by PETE TOWNSHEND and the WHO. A ROCK MUSICAL with ALLEN LOVE, PETER STRAKER ANNA NICHOLAS and BOB GRANT

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. Paul Raymond presents THE FESTIVAL OF EROTICA Fully air-conditioned. 21st YEAR.

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. BUBBLING BROWN SUGAR NOW IN ITS 2nd GREAT YEAR Book by telephone for the entire family. Easy parking.

ROYAL COURT. 730 1745. Red price Prevs Tomor, Wed 8. Opns Thu 7. Subs Evs 8. Sat. 4.30, 8.30. Joint Stock Th. Co. in Caryl Churchill's CLOUD NINE

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR West End Theatre Award. By Brian Clarke. "A momentous play, I urge you to see it." Gdn. Evs. 8.00. Sat. 5.45, 8.45. Red. Mats. Wed. 3.00. Second Great Year.

SHAFTESBURY. CC. 01-836 6596. 01-836 4255. Eves 7.45. Wed. and Sat. 4.30 and 8.00. JESSIE EVANS, ANNA SHARKEY PERCY HERBERT, BUDDY ELIAS in CANTERBURY TALES THE ORIGINAL AWARD-WINNING COMEDY MUSICAL Opens April 24 at 7. Previews from April 12. 50p to £3 (Fri & Sat. evgs. 50p to £4).

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONGEST RUNNING COMEDY IN THE WORLD.

STRATFORD-UPON-AVON, Royal Shakespeare Theatre (0789) 292271. RSC 1979 season starts this week. Tickets immediately available for THE MERRY WIVES OF WINDSOR. March 28, 29, 30, 31. CYMBELINE April 11, 12, 13, 14. Recorded booking info (0789) 69191.

ST. GEORGES SHAKESPEARE THEATRE. 01-607 1128. Tufnell Pk. Road.

ST. MARTIN'S. 836 1443. Evs. 8. Mat. Tues 2.45. Sat & Good Fri 5, 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 27th YEAR

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS. From 8. Dining and Dancing. 9.30 SUPER REVUE "BUBBLY" At 11 GRACE KENNEDY

TH. UPSTAIRS. 730 2554. Mon. & Tues. 2, Wed. & Thur. 2 & 7.30. Fri. and Sat. 7.30 1979 YOUNG WRITERS FESTIVAL.

VAUDEVILLE. CC 01-836 9988. Evs. 8. Mat. Weds. 2.45. Sats. 5.00, 8.00. JEAN KENT and JOYCE CAREY (as MISS MARPLE) A MURDER IS ANNOUNCED by AGATHA CHRISTIE "A VINTAGE PIECE OF CHRISTIE WHODUNITRY." Sunday People. "A WELL-LOVED PARTY GAME BY BEST CONJUROR IN THE BUSINESS." Financial Times.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS SHEILA HANCOCK ANNIE "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail. Best Musical of the Year. 1979. Ev. Stan. Drama and Players and Players Awards.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 01-836 6808. Book now for new season from 9 April. Howard Brenton's THE CHURCHILL PLAY. Premiere Tom McGrath's THE INNOCENT (The Merchant of Venice sold out). Adv. bkgs. Aldwych Theatre (10 am-6 pm).

WHITEHALL. CC. 01-930 6692-7765. Monday to Thurs. 8.00. Matinees Fri. and Saturday 6.15 and 8.45. IPI TOMBI The African Musical Explosion A pulsating riot of Dance and Song FOURTH GREAT YEAR

WHITEHALL. CC. 01-930 6692-7765. Nightly at 8.00 and 10.00. Sunday 6.00 and 8.00. Paul Raymond presents RIP OFF! The erotic experience of the modern era. Now showing new second edition, new girls, new acts, new production.

WYNDHAM'S. From 8.30 am. 01-836 3028. Credit card bkgs. 836 1071. Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH" Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "VERY FUNNY." Evg. News. "Sure-fire comedy of sex and religion." Dly. Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Tomor-Fri 10 am. RUMPLESTILSKIN, a puppet play for 6-11 year olds. INTERNATIONAL PUPPET FESTIVAL. Ring Box Office for details. SHAKESPEARE TRILOGY. See under OLD VIC.

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. Sep. perfs. All seats bookable. 1. THE DEER HUNTER (X). Wk. and Sun. 2.15, 7.30, 70mm stereo. 2. SUPERMAN (A). Wk. and Sun. 2.00, 5.00, 8.10.

CAMDEN PLAZA Camden Town 485 2443 (opp. Tube). MAX OPHULS' MADAME DE . . . (A). Progs. daily 2.05, 4.15, 6.30, 8.50.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1. Gregory Peck, Laurence Olivier THE BOYS FROM BRAZIL (X). Progs. 12.30, 2.50, 5.30, 8.15. 2. Gregory Peck, Laurence Olivier THE BOYS FROM BRAZIL (X). Progs. 2.20, 5.05, 7.50. 3. Ingrid Bergman, Liv Ullman AUTUMN SONATA (AA). Progs. 1.45, 3.55, 6.10, 8.25. Visit our new American-style SODA FOUNTAIN RESTAURANT. Open noon-midnight. Table reservations 930 1787.

CLASSIC 1, 2, 3, 4, Oxford Street. 636 0310 (opp. Tottenham Court Rd. Tube). 1: Donald Sutherland INVASION OF THE BODY SNATCHERS (X) in Dolby Stereo. Progs. 1.30, 3.50, 6.10, 8.30. 2: LEMON POPSICLE (X). Progs. 2.00, 4.10, 6.25, 8.35. 3: LAST 3 DAYS! Anthony Hopkins MAGIC (X). Progs. 1.15, 3.20, 5.45, 8.10. 4: Alan Alda, Ellen Burstyn SAME TIME NEXT YEAR (AA). Progs. 1.30, 3.50, 6.10, 8.30.

CLASSIC Leicester Square. 01-930 6915. THE HILLS HAVE EYES (X). Peter Barkworth MR. SMITH (X). Progs. 12.50, 3.15, 5.40, 8.05.

LEICESTER SQ. THEATRE. 01-930 5252. THE PASSAGE (X). Sep. progs. Wk. 1.15, 4.45, 8.15. All seats bkble. in advance at Box Office or by post for 8.15 prog Mon-Fri.

ODEON HAYMARKET. 930 2738-2771. MAGIC (X). Sep. perfs. Wk. 2.15, 5.15, 8.15. All seats bkble at Box Office or by post.

ODEON LEICESTER SQUARE. (930 6111.) Neil Simon's CALIFORNIA SUITE (AA). Sep. perfs. Dly. doors open 1.45, 4.45, 7.45. All seats bkble at box office or by post. Box Office opens Mons-Sats 10.30 am-8 pm.

ODEON MARBLE ARCH. W2. 723 2011-2. DAMIEN-OMEN II (X). Sep. progs. Wk. doors open 1.30, 4.15, 7.15.

PRINCE CHARLES, Leic. Sq. 01-437 8181. IN PRAISE OF OLDER WOMEN (X). Sep. perfs. Dly. (inc. Sun.). 12.40, 3.10, 5.55, 8.35. Late show Fri. and Sat. 11.15. Seats bookable. Licensed Bar.

STUDIO 2, 3, 4. Oxford Circus. 437 3300. 2. Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30, 5.25, 8.10. Late show Sat. 10.40. 3. An all-star cast in Robert Altman's A WEDDING (AA). Progs. 2.20, 5.10, 7.55. Late show Sat. 10.45. 4. THE DEER HUNTER (X). Sep. Perfs. Daily 12.30, 4.05, 7.40. Late show Sat. 11.25. Seats bookable.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond Street, W.1. 01-629 6176. Loan exhibition of Photographs by ROGER FENTON 1819-1869; in aid of the Royal Photographic Society's Appeal. Until 30 March. Mon.-Fri. 9.30-5.30. Thurs. until 7. Adm. 50p. Catalogues £1.

BROWSE & DARBY, 19, Cork St., W.1. FINE BRITISH & FRENCH PAINTINGS. 19th and 20th Century.

CRANE KALMAN GALLERY, 178, Brompton Road, S.W.3. 01-584 7566. L. S. LOWRY (1887-1976) and ALAN LOWNDES (1921-1978): A Comparison. Until 31 March. Mon.-Fri. 10-6. Sats. 10-4.

FIELDBORNE GALLERIES, 63, Queen's Grove, N.W.8. 586 3600. EDWARD WOLFE, R.A.—SIXTY YEARS OF PAINTING. Mon.-Fri. 10-6. Sat. 12.30 to 3.

FINE ART SOCIETY, 148, New Bond Street, W.1. 01-629 5116. BRITISH ARTS 18th-20th Century.

JEAN ARP and HENRI MATISSE—1st March to 12th April. Daily 10-5.30 Sat. 10-1. Theo Waddington, 25, Cork Street, London, W.1. Tel. 734 3534.

LE FEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

MARLBOROUGH, 6, Albemarle St., W.1. RENATO GUTTUSO, Paintings, Drawings and Watercolours. Mon.-Fri. 10-5.30. Sat. 10-12.30.

REDFERN GALLERY. ROBERT YOUNG. New Paintings and Drawings. March 6th-June 28th. 20, Cork Street, London, W1. Mon.-Fri. 10-5.30. Sats. 10-12.30.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. JANE MORRISON. Until 11 April.

WILDENSTEIN. Paintings from the Davies Collection—a loan exhibition from the National Museum of Wales. Until 30th March. Weekdays 10-5.30. Saturdays 10-12.30. 147 New Bond Street, London, W.1.

THE ARTS

.d, Leeds

Peter Grimes

sh National Opera North larges its repertory with 'rimes, in a new produc- Colin Graham first per- on Thursday. It was a :h fitting and natural for ; company to take: the g English opera is a work apt for the consolidating any style, and also still tly challenging to prove l test of resources and l. The best things about y's performance were t encouraging, for it was es well sung, whole- ly acted, and sincerely he entire cast.

et the less good things the way first, even if le up higher than one ike: Mr. Graham appears lost something of his touch. his precision of e may have felt a need ant in the playing an ere missing from Alix dull sets, traditional in ndistinguished sense. was to have taken over aham's recent *Grimes* ion at the Monnaie, s: *but the discovery that* were too large for the stage caused a late to the Stone designs, originally for Mr. 's 1968 Edinburgh Festi- duction.)

atedly, it seems to me, he *couraged the cast to go* e top. The Borough in *ter Grimes* is a location ly close to a kind of Naples, a place where ulace waggles its hands, ores its hot-headed re- and lobs its bits of s straight *into the* e. The pub scene has the f it—worst, because by lating the "Old Joe has hing" round into a taunt nes, in defiance of the the production weights ies far too heavily in our, so that later on his exaggerated outbursts ence have the effect of ting some basic contra- at the heart of the er, and of the opera. he opera is underplayed, contradictions can be d: Mr. Graham's way o be to crack credibility en.

David Lloyd-Jones' con- there is also an emphasis her than a sweep that the dramatic impetus through, the small set pieces and closed forms out of which the earlier scenes are made. The youthful orchestra plays with strong feeling for the details of picturesque colour in the scoring (though the viola solo at the start of the Passacaglia was uncomfortable as it *nearly always tends to be*). But the musical movement veers from the sluggish to the over-heated without finding that romance of tone and poetry in the sonorities that keep the dangerous patchwork of the musical design (at least in the first third of the opera) in one piece. The chorus is splendid: fresh-voiced, rhythmically keen.

If, despite all this, the balance of the evening fell materially on the credit side, the cast must take major share of the praise. Robert Ferguson plays the title role with uncommon frankness and straightforwardness: the poetic reveries sit a little implausibly on his lips (and the Es of "Now the great Bear" were not always pitched in their centre), the rages are those of a man driven by obvious external pressures rather than by the combustion of those external pressures and internal crises. The open timbres and full phrases of Mr. Ferguson's sturdy tenor, now maturing so attractively, add weight to the portrait —not yet a complete portrait, but already an admirable achievement.

Almost alone on stage, Ava June resists the producer's invitation to overplay; her fragrant womanliness, communicated in a soft eloquence of movement and diction, confers substance on Ellen, a character always in danger of being found mousy, equivocal, and finally unsympathetic. Miss June was vocally uneven—at her best in the women's quartet, which on this occasion seemed the most beautiful invention in the opera, and in the Embroidery Aria. There is a strong Balstrode in Geoffrey Chard, a firm and characterful Swallow in Harold Blackburn; and if Boles (Donald Pilley), Keene (Stuart Harling) and Auntie (Anne Collins, in an ill-chosen red wig) all need turning down several points on the reaction dial, the singing is unfailingly enthusiastic. A word for the lighting of John B. Read — weather changes are cogently made.

MAX LOPPERT

Philip Guard and Maureen O'Brien

Her Majesty's

Ain't Misbehavin'

by B. A. YOUNG

Let me make it clear that in spite of anything I am about to say, I enjoyed *Ain't Misbehavin'*. Enjoyment seems to have been laid on at Her Majesty's with the central heating. Luther Henderson came on with his piano, which proved to be capable of coming on or off by itself. Then came the five singers, all quite unknown in this country, none of them exactly world-famous in their own; and for each one there was a round of clapping such as we used to get for Noël Coward. At the end of the evening, there was a standing ovation.

Now *Ain't Misbehavin'* is a recital of 30 songs composed, or recorded, by Fats Waller. Fats Waller's music has many merits, but variety is not one of them; nor is there much variety in the lyrics, which deal almost without exception either with love (usually crossed) or else with some tangential aspect of popular entertainment. Presenting so many of them in a row calls for a desperate lot of invention, and in this Richard Maltby junior, the director, and Arthur Faria, who has staged the musical numbers (they are all musical) have come up trumps.

These similar songs are done in a dozen different ways, as solos, as duets, as concerted numbers, as dance routines, as miniature playlets. I cannot say with my hand on my heart that any of the company—big Evan Bell, dancer Andre de Shields, slender Charlaine Woodard, globular Annie Joe Edward, pretty Jozella Reed—has individual star potential. But they make a nice team, and there is evidently a quality about them that grabbed the house; no matter how commonplace the routines they are given, they stir the audience to a laugh or a round of applause, especially if they involve singing or moving extra-fast. The sinuous dancing of Mr. de Shields to the "Viper's Drag" threatened to stop the show.

The show is pretty to look at. To begin with, the numbers are sung in front of an arch opening only to a crimson curtain, but after a time the curtain reveals *a six-piece band, the only white* faces we see on the stage. Why these competent musicians should be kept so firmly in the background I can't imagine; they play well enough, and they add colour to the sound without overwhelming Professor Henderson on his peripatetic piano.

Fats Waller songs that everyone will expect are all there—the eponymous ballad, of course, "Honeysuckle Rose," "Black and Blue," "I've got a feeling I'm falling"—and the songs he boosted by his recordings, like "*Your feet's too big*" and "I'm gonna sit right down and write myself a letter." There is no *doubt that people are going to* enjoy the show: but one must leave the critical apparatus behind as one goes in.

Belgrade, Coventry

The Atheist's Tragedy

There is still dispute about the date of Cyril Tourneur's tragedy and even about whether or not he indeed wrote it, but the author of the better known *The Revenger's Tragedy* is done a considerable service in this most valuable and timely *resuscitation—the first this* century—of a piece that is more than eminently stage-worthy. It is a glowering, absorbing play of uncommon interest in the Jacobean revenge canon.

It was entered in the Stationers' Register in 1611 and published the same year. As in *The Revengers Tragedy*, both their names shall ye know them, and Tourneur's hero, D'Amville (a combination of English "vile" and French "d'ame"), is a grim Machiavel, in thrall like Shakespeare's Edmund, to the goddess Nature.

The poetry, never as extravagant as in *The Revenger's Tragedy*, is nonetheless strong in its shaping of intellectual and philosophical argument. In a way this is an anti-revenge tragedy, for the single-minded pursuit by D'Amville of wealth and a line of succession at the expense of others' lives is counter-weighted by the cheek-turning assertion that patience is the honest man's revenge, that all scores should be settled not by *force of arms*, but by "the King of Kings," that great arbiter in the sky.

D'Amville, together with his villainous "instrument," Borachio, seizes wealth by pushing old Montferrers into a gravel pit and beating his brains out with two lumps of coal. The old chap's ghost appears to his son, Charlemont, urging a stoical course of non-action that eventually drives D'Amville insane. In an extraordinary court-room finale, D'Amville cries for *Charlemont's body* (the latter, by now, has been murderous, but in self-defence) for an anatomy in order that he might "find out from whence the peace of conscience does proceed." He then lifts the judicial axe only to bring it down on his own head with accidental gruesomeness.

It has been traditionally maintained by academics who have never seen a performance that D'Amville is boring because he undergoes no transformation in the play. This is now seen to be not so: there are glancing imitations of mortality in the graveyard scene; there is panic at the sight of a ghost; there are even Faustian confessions of insecurity towards the end and, as his two sons lie dead on the stage—the one a pathetic consumptive, the other an ingenious lecher—he berates Nature for frustrating his drive towards self-preservation in the emblem of progeny.

The imagery of death is forever undercutting *the lust for life* embodied not only in d'Amville, but also in a superbly structured sub-plot of sexual intrigue, where Levidulcia lectures Charlemont's Castabella on the virtues of submissiveness and proceeds to open her legs for all and sundry. This is a marvellous part, played with deceptively lubricious gusto by Maureen O'Brien and as a colleague aptly remarked on Thursday night, how Maggie Smith might go to town with it! *Death, sex and double-dealing* come memorably together in a sustained series of close encounters in the graveyard and adjoining charnel house. Ed Thomason's production is not as visually macabre as it should be, forever pottering about with wavering *follow spots* and traverse curtains. But he certainly suggests what *could* be done, and that in itself is no mean achievement.

There are passages of broad farce featuring a robust clown, a Jonsonian Puritan whose graveyard lust is rewarded with necrophiliac horror ("Come, kiss me, sweet Soquette.—Now purity defend me from the sin of Sodom! This is a creature of the masculine gender") and a couple of pliant whores. Every scene builds inexorably to an adjustment of D'Amville's hopes and ambition, until there is in fact nowhere for him to hide. Jonathan Newth plays D'Amville with a rugged competence, and there is adequate *support from Philip Guard and* Seymour Green as the old barons and from Gay Wilde as the chaste and wronged young wife who will follow her man even to the chopping block.

MICHAEL COVENEY

Citizens, Glasgow

Country Life by B. A. YOUNG

Robert David MacDonald has made Goldoni's trio of sentimental plays about a visit to the country into one graceful three-act comedy. The plays date from 1756-60, but in this production, which he also directs, Mr. MacDonald has updated them by a century. His English, however, is not the society chatter of the time, but a deliberately artificial idiom that maintains the euphuistic sound of the original with sentences like "she goes everywhere in the height, nay the insolence, of fashion," and with unacknowledged references to Shakespeare and other English poets, one phrase even turning into "A dozen double-damask dinner-napkins." A good deal of Italian is retained, on the same principle as Zeffirelli's *Italian accents in Filumena*.

We cover the usual 18th-century fields—love, money, fashion—but the plays are by no means trivial. The plot centres on Giacinta's marriage to her dull neighbour Leonardo when she really loves the man-about-town Guglielmo, and its mood varies from the keen pathos with which she shifts Guglielmo on to Leonardo's sister Vittoria, so putting him beyond reach, to the comedy of an exchange of barbed asides between the two girls that recalls Cecily and Gwendolen in *The Importance*.

Marriage, as Eden Phillpotts says, is in the air. It seems as fugitive a matter as the rivalry of Vittoria and Giacinta over their new dresses. Besides the two central marriages, there are less serious courtships between the dandy Ferdinando *and silly old Aunt Sabina*, between a purely ornamental couple, Rosina and the young medical student Tognino (who romps around crying "A marriage! a marriage!" as if it were a game of tennis), and of course between the suitable servants.

No god from the machine is found to clear Giacinta's path; she has to go into exile with Leonardo to Genoa, where as a businessman he will earn the money for Vittoria's dowry, wasted by the extravagance of his trip to the country. Meanwhile Vittoria must marry Guglielmo, who she konws does not love her, and who, as Ciaran Hinds plays him, is a desperately dull man with no interest in anything but correct behaviour.

There is not much deep characterisation in the acting, but no doubt this will come as the production matures. Most colourful are, I suppose, the easiest parts. Ida Schuster as the foolish old Sabina and John Breck *as the foolish young* Tognino, with his sheep's laugh filling up every gap in the conversation.

Celia Foxe plumbs some of the depths of Giacinta's star-crossed love, and handles her ironic humour ably; Pauline Moran's Vittoria has the handicap of seeming at first to be the *heroine of the play and then* dwindling into a "foil" to Giacinta, but she can be fun. There is nothing romantic about any of the men, and this is Goldoni's fault, for Leonardo (Peter Jonfield) is never more than a worried businessman and *Guglielmo is handcuffed by his* ideas about honour. Garry Cooper, made up as Petrushka and dressed as for *La Bohème*, seemed to me to have no more life as Ferdinando than a ventriloquist's dummy. Andrew Wilde, as Ciacinta's old father Filippo, has more *individuality* than any of the others.

Philip Prowse's set, divided by a set of white silk screens adjusted for scene-changes by three stage-hands who sit onstage throughout waiting impassively either for that task or to photograph any character who betrays too much self-conscious emotion, is enchanting as always. In the country, the sitting-room naturally contains a stuffed horse and a stuffed St. Bernard dog. The rival *mariage dresses, though their colours* clash heartlessly, are delightful.

ent Garden

Diversions

new MacMillan triple ntred on *La Fin du Jour*, tim at its first appear- o the Opera House's al disputes and was n the wrong order, with ew ballet's décor as ent setting. *Diversions* suffered thereby, both and dance looking —the performers because nervous tensions of a ight played in difficult ons, the dance because it an essential relationship hillip Prowse's designs. se's vision is *powerful*, ul: a pitch-dark arena a perspective of archi- l shapes that are like nts of the Eiffel Tower, ich the dancers—black- , their tunics repeating r-head design—move in point to the decor. it Prowse's contribution ray and complexities of horeography were dissi- On Saturday night, with restored and the graphy run in after performances, *Diversions* re-established as a bold, taxing work. its dances with contrasts and ements of movement, and anticipations of step in its principals and the attendant couples, that erate down the vistas and als of the choreography. were the leading quartet rguerite Porter and Mark Wendy Ellis and Michael lor. Porter and Silver had the difficult task of recreating roles first made for the established and emotionally responsive partnership of Beriosova and MacLeary. Individually their dancing was brave—a clear lift in jumps; sensitive musical feeling—but understandably they lack as yet the rapport shown by their predecessors. From Wendy Ellis an ideal assumption of Marcy Lane's role, with the same vivid response to music, the same speed, and an individual and rewarding sense of the *MacMillan style. From Michael* Batchelor dancing that recaptured Graham Usher's mercurial vitality but also showed a classic distinction that is tremendously his own.

Mark Silver had also undertaken another new role the *night before, when he appeared* as Siegfried in *Swan Lake*. The character is far more difficult for a young artist to bring off than Romeo, a part in which Silver has recently made so pleasing a début. Siegfried's passivity, his romanticism of *temperament which the production* does not allow to expand, do not stimulate Silver's reserved and elegant manner to anything very positive in the first two acts. He opened up emotionally and physically, to the bravura demands of the *ballroom*, and *went on from* there to give strong expression to the love-in-death agonising of Act 4.

CLEMENT CRISP

Wigmore Hall

Shostakovich cycle

Having begun their pilgrimage through the Shostakovich quartet six weeks ago with the first quartet, the FitzWilliam Quartet properly chose to end it on Saturday evening with the last No. 15. Yet between these fixed poles, their progress has *not been strictly chronological*: the demands of constructing five well-balanced programmes have meant some re-ordering and regrouping. So besides No. 15, the final concert brought the ninth and thirteenth quartets—a selection covering *only the last ten years of the composer's life*, but nevertheless in many ways a resumé of the personal journey which Shostakovich underwent in these works, moving from well-mannered classicism to a final withdrawn introspect, from public statement to totally private utterance.

The FitzWilliam have become very much identified with these quartets of Shostakovich's last years. They gave the first British performance of No. 13 in York in 1973, in the presence of the composer, and introduced us to No. 15 in 1975. They now play these works with reverence and devotion, completely at home in the extraordinary half-world of this last phase.

The pulse of both quartets is basically slow. The 13th maintains its adagio marking throughout, relieved only by a central section which breaks into exactly double-tempo; the 15th varies its six movements between *adagio* and *adagio molto*, the time-span stretched to some 40 minutes. Both quartets share a vocabulary of muttering and reflex twitching, tapping and wailing, and minimal thematic material.

The bleak, 12-note theme with which the viola opens no. 13 (a work dedicated to the viola player of the Beethoven Quartet) provides the work's entire material, apart from the obsessive rhythm which overtakes the central episode. Only the first-movement elegy of no. 15 presents any theme as such, harking back to Mussorgsky and Chaikovsky and the Orthodox Church, as if in a last desperate attempt to assert the music's very Russianness, before the inevitability of death takes over the rest of the quartet: a crippled serenade, a spare funeral march and an epilogue which tries incoherently to recapture the opening's relative peace.

Coming immediately *before such powerful, single-minded* works, the ninth quartet seems completely accessible and straightforward, even optimistic. The FitzWilliam here showed more conventional ensemble virtues — of rhythmic vitality and accurate ensemble, their *tone as rich and grainy and* as close to the sound of an East European group as a British Quartet is likely to get.

ANDREW CLEMENTS

Royal College of Music

Twentieth Century Ensemble

It is an unfortunate sign of the times that the British première of what is generally acknowledged to be Karlheinz Stockhausen's finest orchestral composition of the past decade has to be given by a student orchestra rather than one of London's professional bands. That grumble apart, the Royal College of Music's Twentieth Century Ensemble, celebrating their tenth anniversary with another brave programme at the College on Thursday night, deserve our praise and thanks.

The specific requirements of staging *Trans* has been described in some detail by Dominic Gill in his report of the world premiere for these pages. The Twentieth Century Ensemble was unable, because of the lack of a proscenium arch at the RCM Concert Hall, to set up the mauve scrim between players and audience that blurs the entire stage picture. And the ranks of violins, lit in a strange pink light, making a sonic mauve screen between the unseen backstage wind and percussion and the taped weaving sound that furiously rushes through the auditorium at uneven intervals, could have been more steeply ranked, to appear like a wall of violins. Considering these physical limitations, the visual content of *Trans* was truly projected.

Accoustically, the balance occasionally went awry. The backstage percussion tended to shoot out over the other players and dominate their sound and overall the hidden players were more audible than the visible ones. These matters are fearsomely difficult to judge, especially as conductor Edwin Roxburgh was behind the scenes himself and could only guess at the overall impression.

But this impression was nevertheless uniquely compelling: rich, dense, insanely voiced textures operating on a dream-like, allusive level, disturbing the sources of what Jung would call our collective unconscious. It's particularly significant that in *Trans* Stockhausen has composed an electrifying silence, a general pause in the proceedings that seems as richly orchestrated and sonorous as the sounded music around it.

The programme opened with a gusty, imaginative account of Varèse's *Octandre* and the first public performance of Bernard Stevens's second symphony, both conducted by Steven Savage. The Stevens received a slightly cumbersome and ragged performance that dulled its potential impact. The scherzo presto could, for example, have been either faster and fleeter or played with greater manic energy. For all his references to Schoenberg's 12-tone technique and Messaien's "Modes of Limited Transposition" in his programme note, Stevens's Symphony belongs at heart to the British neo-classical tradition. Demonstrating yet again that advanced composition techniques can never modify a composer's real intention. The concert concluded with a robust performance of Janacek's *Sinfonietta*.

RICHARD JOSEPH

NNIS BY JOHN BARRETT

'loodlit Israelis set an example

NFIRMATION was needed appalling lack of indoor facilities in Britain, this iserable winter has proved

ile the rest of Europe and Americans luxuriated in less covered courts. British all but shivered to a halt. lelphia, not the most oped tennis city, has more 200 indoor courts within iles of the city centre.

fortunately for tennis s, this country has opted municipally built multi- s centres where other ties, like badminton or etball, make more efficient of the space available.

u might be excused for ing that the club which s the world's greatest nament would have decent rn indoor facilities. In fact two covered courts at the England club, Wimbledon, no heating and an out- ed playing surface.

West Kensington's historic Queen's club, which is d by the LTA, no self- ecting eskimo would ven- near the five wooden or courts in winter.

Considering the problem facing aspiring young players in Britain it is amazing how successful our national teams have been, and, with last year's exciting Davis Cup and Wightman Cup exploits still fresh in the mind, *it is obviously the right* moment for national team manager Paul Hutchins to press for construction of a national training centre.

Complacent

Hutchins says that his hardest problem is to overcome the inertia of complacency which exists throughout British tennis management.

There are examples that show what can be done when the will is there. The opening last year of the U.S.T.A.'s national tennis centre, at Flushing Meadow, was a testament to the faith of U.S.T.A. president Slew Hester. Completed in ten months, the centre is a testament also to the American way of life.

The opening in 1976 of the Israel tennis centre at Ramat Hasharon, some five miles north east of Tel Aviv, was a *minor* miracle. A giant 4,800-seat stadium now dominates a tennis complex that includes 16 floodlit courts and 31 practice walls.

The concept behind the development is to provide a focal point for the youth of Israel, a place to enrich the quality of their strife-torn lives. So *successful* has *been* the appeal of this first project that already three smaller centres are almost complete, in Jaffar, Haifa, and Kyriat Shmonah, near the Lebanese border. Two others are planned in Bersheba and Jerusalem.

Already some 150,000 Israeli youngsters have learned to play tennis through the free programmes which are the basis of the operation directed by former South African international Ian Froman.

Without the dedication of men like Joe Shane, a 70-year-old inhabitant of Los Angeles who is generally regarded as the father of Israeli tennis, Bill Lippy, an ear surgeon from Warren, Ohio, who is chief fund-*raiser*, and Ruben Josephs, a New Yorker construction man who is achieving the impossible, nothing would have happened.

In the mid 70s the Israeli Government said the project would take two years to build. Josephs, who admits to a guilt complex about Israel ever since his experiences as a 15-year-old in the Warsaw ghetto (his was the only family to survive intact), achieved it in eight months, without Government help. Independence is precious.

Harold Landesberg, chairman of the trustees, directs the provision of funds from Philadelphia and has seen more than £2½m raised in three years, mostly from the U.S. and Canada.

Dream

In Britain the fund raising is in the hands of Freddie Krivine, a dapper 58-year-old who has been so impressed with the Israeli project that he plans to retire in two years time, to devote his entire time to development of a tennis foundation in Israel.

Hutchins will have to build such a team in this country if *his dream is to come true*.

If the national training centre becomes a reality within a couple of years it could unleash enthusiasm for tennis that will recover for Britain much of the lost ground.

WINTER SPORTS BY ARTHUR SANDLES

The battle of Whiteface Mountain

FOR THE MOMENT, with the winter Olympics less than a year away, it looks as though Lake Placid is in better condition to face the event than many of the teams—the ski teams, at least. This is quite the reverse of what was expected.

Although the rows over the ability of this relatively small New York State ski resort to stage the major international winter sports competition continue, it came through the recent mini-Olympics, a World Cup meeting, unscathed. Whiteface Mountain, Lake Placid's main alpine ski area, has its problems, but it begins to look as if everything will be allright on the night.

There are not many team managers who could say the same thing about their personel at the moment. The past few weeks of frantic pre-Olympic racing has taken a heavy toll of prestige and limbs.

The Austrians may take comfort in the fact that Annemarie Moser again took the women's World Cup title but can only be alarmed that their men's team appears in total disarray, with even the mighty Klammer well out of touch.

Accident struck the Italians when their rising star Leonardo David suffered appalling head injury in falling face first at high speed into hard-packed snow.

Then Phil Mahre fell on Lake Placid's giant slalom run and broke a leg. This injury to the brightest star of the U.S. ski team robbed America of its chance of picking up the World Cup title and local fans of seeing whether their man could beat the king of the slalom courses, Ingemar Stenmark of Sweden, on home ground.

The British did not emerge unscathed. Problems abounded, and it was another broken leg, suffered at Villars, which put David Cargill, our best men's downhill team-member, into plaster and out of the racing.

In terms of national teams, therefore, the 1978-79 season, which ended as far as the World *Cup series is concerned* a week ago in Japan, has left the position open.

The World Cup men's winner was Peter Luscher of Switzerland, ahead of Leonard Stock of Austria and the unfortunate Mahre of the U.S.

Stenmark's fifth place in the table disguises his domination of the sport at the moment. Stenmark is a slolom expert and this season refused to compete in any downhill events, thus robbing himself of points essential to become overall champion.

As far as women are concerned, Mrs. Moser (Proell) continues to rule the roost. Although downhill is her best bet, she is consistently well placed in slalom and giant slalom events. But here the game is not as predictable as in the men's slalom.

It is the women who provide the brighter side of the British picture.

Any look at British prospects must be prefaced by the comment that no British skier is going to get into the Olympic top ten next year. If one of them gets into the top 20 it would be cause for celebration. *For a basically low*land country to produce one of the world's top 20 skiers—as we have done several times in the past—is remarkable.

Moira Cargill did very well to finish 29th in this season's Lake Placid World Cup downhill. She was some three seconds slower than Moser. Her downhill FIS points (world ratings a little like golf handicaps) have improved dramatically and she is now ranked 46 in the world. This moves her just ahead of rival Valentina Iliffe, whose downhill, nonetheless, showed considerable improvement.

As to the men, although there was some improvement in ratings it comes at a time when world standards are leaping up. Thus, although one or two British men have better FIS points, the improvement in rival skiers has been such that our world rankings have actually declined. Before his fall at Villars, Cargill's FIS points had improved from 28.82 to 26.79, but his world ranking had slipped from 98 to 116.

The man whose presence would clearly make a difference to the British team is Konrad Bartelski, who can compete for either the Netherlands or Britain, and who left the UK ranks last season after an enormous row over team policy.

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Peace without agreement

TODAY'S SCHEDULED signing of the peace treaty between Egypt and Israel is undoubtedly an important milestone in the search for peace in the Middle East. It ends the state of war between the two parties, and provides for the restoration to Egypt of all territory occupied by Israel in 1967 in exchange for full recognition of the Jewish State and the establishment of "normal and friendly" relations.

But though Egypt has played the major role in all four wars the Arabs have fought against Israel, the enmity of the two states has never been the basic issue in the Middle East conflict. That is the displacement of most of the Palestinian people from their land. The crucial question therefore is whether the treaty between Egypt and Israel can provide the basis of a comprehensive peace settlement.

President Carter has expressed optimism about the pact being a "corner-stone" of such a settlement, and the treaty reaffirms the two parties' adherence to the "Framework for Peace in the Middle East" agreed at Camp David last September and refers to this as the basis of a comprehensive settlement. The accord recognises the need for a resolution of the Palestinian problem, and it contains an undertaking by Egypt and Israel to negotiate "full autonomy" for the people of the West Bank and Gaza Strip, which are under Israeli occupation.

Not defined

Yet the concept of autonomy is not defined, nor is the framework integrated within the treaty. The treaty provides for Jordan to take part in negotiations, even though it was not consulted and has not endorsed the agreement which President Carter achieved.

In effect Israel and Egypt have entered into a treaty without reaching even an unwritten understanding on the Palestinian issue. They have done no more than undertake in a joint letter to negotiate.

Already it has become clear that Egyptian and Israeli views of what autonomy means are opposed, and President Sadat has failed to obtain any clear linkage between the bilateral treaty and Israeli commitment to bring about a form of autonomy. Mr. Menahem Begin, the Israeli Premier, has categorically ruled out the return of Israel to all its borders of 1976, the creation of a Palestinian State on the West Bank and the Gaza Strip, and the reversion of East Jerusalem to Arab sovereignty.

It is discouraging that, on the eve of Mr. Begin's departure for Washington for the treaty signing ceremony, the Israeli Government let it be known that it was planning to establish 10 new settlements on the West Bank over the next few months and to build up existing ones.

Condemned

The UN Security Council (with the U.S., UK and Norway abstaining) has condemned Israeli policy in this respect as an obstruction to peace. One should never overlook Mr. Begin's need to satisfy domestic opinion, particularly within his own Right-wing coalition, and he himself has reneged on domestic commitments before—as, for example, on the settlements in Sinai, previously sacrosant, now to be abandoned: but there are clear signs that Israeli opposition to concession on the West Bank are more deeply entrenched.

Even if the Palestine Liberation Organisation did not exist Israeli words and actions have almost inevitably ensured that the West Bank and Gaza Strip leaders do not participate in talks on self rule. The treaty seems likely to promote uneasy relations between Egypt and Israel, while the fact that it omits any reference to the future of East Jerusalem and the Golan Heights makes yet more certain its rejection by the rest of the Arab world.

There may be pressure for an economic and political boycott, leading to a potentially dangerous isolation of Egypt in the Arab world.

For all that, though, the treaty is not the end of the peace process and does provide an opening for negotiations, however meagre. President Carter has demonstrated a deep commitment to peace in the Middle East and has shown that he is not primarily motivated by domestic political considerations. His statement this weekend that he would be prepared to talk to the Palestine Liberation Organisation if it were to recognise the existence of Israel provoked an angry reaction from Mr. Begin. This is an indication that the President has not, in reality, put all his faith eggs in the treaty to be signed today. The U.S. has enormous potential leverage over Israel, especially now that its oil supplies from Iran have been shut off. Mr. Carter may have to show that he is prepared to use it.

Gas prices and the Government

ONE OF the sensible decisions which the present Government took in relation to the nationalised industries was to restore their freedom to set prices; the previous practice of holding down prices as part of the fight against inflation had proved highly damaging, leading as it did to large losses in the state corporations, an artificial boost to consumption and a distorted pattern of investment. Unfortunately the Government has not followed up that decision with a consistent policy towards pricing and profits in the state-owned industries.

At the end of last year the gas industry was set a financial target of a 6.5 per cent return on turnover, but it was never made clear how the target was arrived at and, worst of all, it applied only for one year, 1979-80. To confuse matters still further the Price Commission has intervened to block proposed price increases, first in electricity and now in gas. The Commission wants to find out whether the state corporations could achieve their profitability targets through improved internal efficiency rather than by higher prices.

Conservation

The last increase in gas tariffs took place in April, 1977; it was imposed by the Government as part of the arrangements to reduce public sector borrowing and to secure the IMF loan. In the following two years the real price of gas has fallen by some 15 per cent, which hardly makes sense in the context of a prospective energy shortage and the generally accepted need for conservation. The British Gas Corporation had intended to raise tariffs by 8.5 per cent from the start of next month and it is this increase which has been blocked for three months by the Price Commission.

Even without the Price Commission's intervention, the Government has had difficulty in deciding the principles which should govern gas pricing. Last year's consultative document on energy policy pointed out that natural gas "is a high-quality, finite resource and its price must reflect this fact. If it is sold too cheaply consumers will have an inadequate incentive to use it efficiently. In these circumstances the industry's prices need to be related to the expected cost of future supplies, rather than to its historic costs."

Supplies of natural gas are already shifting from the Southern Basin of the North Sea to the more distant fields, in deeper waters, of the Northern Basin. Sir Denis Rooke, chairman of British Gas, has argued that prices should move "smoothly upwards" as Northern Basin gas takes over the bulk of the Corporation's supplies. As offshore supplies begin to run out, the industry will have to turn to alternative sources, including imports and perhaps the manufacture of gas from oil or coal.

Conflict

Mr. Anthony Wedgwood Benn, Secretary for Energy, did state in the House of Commons on February 20 that electricity and gas prices should not fall in real terms during the coming year and this is one of the factors which will be taken into account by the Commission. But there remains a potential conflict between the requirements of energy policy, the role of the Price Commission as guardian of the consumer and the need to ensure that the nationalised industries, especially the monopoly suppliers, are run as efficiently as possible. If the Government wants to carry out a management audit of British Gas—and there may be a case for doing so—it is not obvious that the Price Commission is the right body to do the job or that the audit should be combined with a freeze on prices.

Agenda

The effect of the Price Commission's move is to complicate an already unsatisfactory situation and to make the managers of the state corporations even less clear what the Government expects them to do. It would be unrealistic to look for any clarification this side of a general election, but the issue of pricing in the nationalised industries, especially in the energy sector, should be high on the agenda for the next government.

Some OECD signposts for UK wealth tax policy

BY PROFESSOR CEDRIC SANDFORD

WHICHEVER party wins the forthcoming UK General Election, changes in the taxation of capital are likely. The Labour Party has recommitted itself to a wealth tax under TUC pressure. The Conservatives are still not sure whether to redeem Mrs. Thatcher's pledge (of January, 1975) to abolish capital transfer tax and, if so, what to put in its place. Both parties, with prospects of mounting inflation, cannot long remain satisfied with the 1978 compromise measures on capital gains tax adopted as an alternative to indexation.

For the UK, therefore, the latest — and very substantial — report from OECD* is apposite. Its review of the annual wealth taxes, death duties, gift taxes and capital gains taxes of 21 countries offers to the next government guidelines on what to do and, no less important, what not to do.

Table 1 summarises the situation on annual wealth tax, wealth transfer taxes, and the taxation of capital gains for all OECD member countries except Iceland, Greece, and Turkey. At national or federal level (in the case of Switzerland at cantonal level) all countries possessed at least one of these taxes in 1976 and some levied all three. If the Australian Government proceeds to abolish the Commonwealth Estate Duty later this year, that generalisation will no longer hold; but State governments in Australia will continue to levy wealth transfer taxes, as do American State governments and Canadian provinces.

Capital taxes clearly serve social rather than revenue purposes. No wealth transfer tax in any country yielded more than the equivalent of one-half of one per cent of its GDP in 1976, nor contributed as much as 1½ per cent of total tax revenue; and the trend is downwards. In 1965 the United Kingdom's estate duty contributed 2.6 per cent of total tax revenue and the UK was second in the league. In 1976 the contribution of death and gift taxes was only 0.87 and the UK had fallen to fifth position; so much for the crushing weight of CTT!

Similarly, apart from the cantonal taxes of Switzerland, no country collected from an annual personal wealth tax as much as 1 per cent of its total tax revenue.

Few countries provide separate figures of revenue from capital gains taxation, because most tax the gains of individuals under income-tax provisions and do not distinguish the yield; but for each of the four countries for which a figure was available for 1975, the yield was below 1½ per cent of total tax revenue.

Leaving aside Switzerland, where most cantons levied wealth taxes of varying rates, the countries levying annual wealth taxes in 1976 divided almost equally into those with single and those with graduated rates. Sweden had the highest maximum rate of tax: 2½ per cent. The six countries with the highest rates of wealth tax in 1976 all have ceiling provisions limiting the proportion of income which can be taken in wealth tax and income-tax combined (subject to a minimum liability or "floor" in the case of Denmark, Finland, Ireland and Sweden). The level of the ceiling varies between 70 per cent in Denmark and an 80/90 per cent rule in Norway.

Table 1: Forms of Capital Taxation of Individuals in OECD Member Countries, 1976 (at Central and Federal Government Level)

Country	Wealth	Transfer	Capital Gains†	Country	Wealth	Transfer	Capital Gains†
Australia	—	E*	—	Japan	—	H	I
Austria	W	H	—	Luxembourg	W	H	—
Belgium	—	H	—	Netherlands	W	H	—
Canada	—	—	I	New Zealand	—	E	—
Denmark	W	H	C	Norway	W	H	I
Finland	W	H	—	Portugal	—	H	C
France	—	H	I‡	Spain	—	H	I
Germany	W	H	—	Sweden	W	H	I
Ireland	W§	H	C	UK	—	E	C
Italy	—	E & H	—	U.S.	—	E	I

W=wealth tax; E=estate-type transfer tax; H=inheritance-type transfer tax; C=separate capital gains tax; I=comprehensive taxation of capital gains to income tax.
† Excludes the taxation of the capital gains of individuals where such taxation is narrowly based or confined to short-term gains. * Abolition proposed. ‡ Introduced during 1976, but postponed until 1979 for movable property. § Abolished as from April 6, 1978.
NOTE: Switzerland has all three forms of tax at the cantonal level, with considerable variation among the cantons.
Source: OECD

Table 2: Treatment of Children under Death Tax — Selected Countries, 1976

ESTATE-TYPE

Country	Exemption US$	Starting rate %	Minimax† US$	Maximum marginal rate %
Australia	50,000	3	1.26m	27.9*
UK	30,000 (50,000 from 27.10.77)	10	4.0m (4.1m from 27.10.77)	75
U.S. (from 1.1.77)	175,625	18	5m	70

INHERITANCE-TYPE

Country	Exemption US$	Starting rate %	Minimax† US$	Maximum marginal rate %
Belgium	5,090‡	3	254,000	17*
Denmark	1,300	2	162,000	32
France	39,100	5	22,400	20
Germany	34,600‡	3	38.5m	35*
Ireland	304,000	25	507,000	50
Japan	65,650‡	10	1.64m	75
Sweden	3,430‡	5	1.14m	65

† Minimum taxable wealth at which maximum rate of wealth tax becomes payable. * Average rate.
‡ Additional allowances in respect of minor children.
Source: OECD

The incidence of wealth tax depends on many factors besides the nominal rates. Threshold is of crucial importance. Other significant features are exemptions, reliefs and valuation provisions—which in most countries are very favourable to agricultural and domestic property. In no country does the value of pension rights enter the tax base.

The Irish wealth tax stands out for its exceptionally high threshold, almost twice that of the next highest (Germany). This feature relates to another difference between Ireland and the rest. In Ireland wealth tax was administered along with wealth transfer tax; all other countries linked wealth tax administration to income-tax.

Over the past decade or so the possibility of introducing a wealth tax has been considered in a number of countries including Australia, Canada, France, Ireland and Britain. In fact, at mid 1978, there were no more wealth taxes in existence than 30 years before. Ireland introduced a wealth tax in 1975 only to abolish it three years later. In his Financial Statement to the Irish Parliament early last year, Mr. George Colley, the Irish Finance Minister, maintained that the tax had led to an outflow of investment funds from the country and had a detrimental effect on incoming funds; and it "undoubtedly created a psychological climate in which investment and risk-taking have been at a decided discount."

How do the proposals for a UK wealth tax look against this background? The wealth tax to which the Labour Party is committed resembles the Irish more than any continental wealth tax, but with more severe rates than the Irish flat rate of 1 per cent. In December 1977 the TUC/Labour Party Liaison Committee, attended by the Prime Minister and other Cabinet Ministers, endorsed proposals for a wealth tax with a threshold of £100,000; a tax unit of the family, rather than the individual; rates rising from 1 per cent to 5 per cent; and no ceiling provisions. This threshold was identical to that of a married couple under the Irish tax; as with the Irish tax, administration was to be linked to transfer tax. The threshold has subsequently been raised to £150,000 (*Into the Eighties*, An Agreement of the TUC/Labour Party Liaison Committee, July 1978) making the Labour proposals still more out of line with continental practice.

The fundamental reason for the differences between the Labour Party wealth tax proposals and the continental wealth taxes—in threshold, rates and method of administration—lies in their purpose. The continental wealth taxes are intended primarily to serve as a supplement to income tax, to make the tax system more equitable by taking account of the additional taxable capacity conferred by wealth—much as our investment income surcharge is intended to do. The Labour Party proposals, on the other hand, are aimed primarily at reducing inequality in the distribution of wealth. The nearest precedent, the Irish wealth tax, is not auspicious.

All but two of the 21 countries have death and gift taxes at the national or federal level. The exceptions are Switzerland and Canada which in 1972 replaced its federal wealth transfer tax by comprehensive provisions for taxing capital gains, under which death counts as deemed realisation. Of the remaining 19 countries, four levy the estate-type only and 14 the inheritance type, with Italy levying both.

International comparisons of wealth transfer taxes are particularly difficult. Frequently the rules for taxation at death differ from the taxation of gifts. Further, one cannot directly compare in a meaningful way the rates and thresholds for estate type transfer taxes (where the tax is, in general, on the donor or the donor's estate) with the inheritance-type transfer taxes (where the tax is on the share received by the donee). Moreover, the typical pattern for the inheritance-type tax is that of a variety of rate scales and thresholds depending on the relationship between the donor and donee; and either type of tax may provide for special treatment for surviving spouses.

To provide some meaningful basis of comparison, table 2 takes a selection of countries and concentrates on the rate of tax and threshold where property is transferred at death to a child. A direct comparison can only be made between the estate-type and inheritance-type if it is assumed that the whole of the property is passed to one child; if it were divided between two or more children the tax burden would be heavier under the estate-type tax. The table reveals the striking differences not only in the rates of death tax but in the thresholds and perhaps most of all in the "minimaxes" (the minimum level of taxable wealth which may attract the maximum rate of tax). Thus, the German maximum rate only became applicable on the inheritance of a colossal $US38.5m; and the maximum rate of the Danish inheritance tax, 32 per cent, becomes applicable at a size of inheritance not much more than half the exemption limit of the Irish Capital Acquisitions Tax.

In general death taxes are subject to fewer exemptions on particular forms of asset, and valuation more often accords with open market valuation, than in the case of wealth taxes.

All the countries with death duties protect them with gift taxes but the extent of integration varies very greatly. The majority of countries have the same scale as at death, but a few countries (e.g., Ireland and Britain) have lower rates for some life-time transfers. New Zealand and Japan actually have higher rates for life-time transfers than transfers at death, presumably because, in both countries, gifts are only aggregated over a one year period and there is normally no aggregation with the estate or inheritance at death. In most other countries there is a longer period of aggregation of gifts with gifts and there is frequently aggregation of gifts with estate or inheritance; but the picture is very varied.

The report gives reasons for believing that, in principle, inheritance-type taxes may be better fitted than estate-type to reduce inequalities in the distribution of wealth; but, in practice, the preferential scales for near relatives mitigate against this purpose.

Two not very pronounced trends are discernible over the past decade. Two countries which did not previously have general gift taxes, Ireland and the United Kingdom, came into line with the rest. There has also been some movement away from the estate-type death tax. In 1970 seven of the countries had estate-type death taxes at central government level; by 1980 this will be reduced to four. Canada abolished her federal estate tax in 1972; in 1975 Ireland abolished estate duty; and Australia plans to do the same later this year. Only in the case of Ireland, however, has the change been accompanied by a move to the inheritance-type tax. Britain and the U.S. have both made major modifications to their wealth transfer taxes in the 1970s, but have retained the estate-type tax.

Only a few countries have separate capital gains taxes, but virtually all the others tax capital gains of some sort under income tax provisions. However, the income tax coverage may be restricted to the taxation of short-term gains, mainly of a speculative nature (as in Germany) or it may be a comprehensive provision including long term gains (as in Canada and the U.S.). The distinction between countries with separate capital gains taxes and those with comprehensive coverage of capital gains under income tax *is often one of form rather than substance*, because the latter are generally subject to a tax regime very different from that of other forms of taxable income.

Capital gains policy

The past 20 years has seen a growth of comprehensive capital gains taxation—adopted in Denmark (1958), the UK (1965), Canada (1972), Ireland (1974) and France (1976). Over the same period some countries, like Sweden, which earlier had capital gains taxation have enlarged its coverage, while others without comprehensive coverage have yet introduced some taxation of capital gains.

Capital gains taxation has also become more severe because of the general absence of inflation-proofing. Denmark and Sweden, allow some upraising of the acquisition price of certain assets. France and Sweden have rates which taper downwards over time. At the time the report went to print Ireland was the one country proposing to introduce comprehensive inflation adjustments; once again it may be the most useful model for the United Kingdom.

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The OECD report discussed was drawn up by Professor Sandford and Professor J. R. M. Willis. It was modified in working party discussions prior to its approval by the OECD committee on Fiscal Affairs in June, 1978.

* *The Taxation of Net Wealth, Capital Transfers and Capital Gains of Individuals, OECD March 1979.*

MEN AND MATTERS

Mingling en bloc —with dignity

One of the lesser-known facts about the English cricket team's triumphant Australian tour is that it was also a lucrative one. Over the weekend I was verbally savaged by those involved for suggesting the team was "sponsored" by Perkins Engines, so I will allow promoter Barrie Gill, who fixed up the deal, to choose the words: "The team," he says, "was for the first time in the history of English cricket allowed to be offered en bloc to major commercial companies for promotional purposes." I think I have that right.

Having been offered en bloc and accepted by Perkins, the cricketers went, in Australia, to six "VIP functions" at which they functioned as "commercial ambassadors," in the words of Gill, "meeting and mingling with prospective buyers."

Brearley and his colleagues also endorsed the products of five Australian companies sharing the proceeds equally "which made for good team spirit."

Perkins has now approached the Test and County Cricket Board to see if it can secure permission for another period of promotion this summer. Apart from some more dignified ambassadorial mingling, the sportsmen would also be expected to help in head-hunting competent engineering graduates (a rare breed) with the slogan "Join Our Team."

What, I asked Gill, had all this been worth to the England team so far? "A substantial, not a silly amount. It left all parties satisfied."

Ruling the waves

Anthony Wedgwood-Benn, the Energy Secretary sees himself principally as The Man They Love to Hate. As the master of the strategic leak, he does not neglect either his reputation as The Man They Could Not Gag.

Watchers of the political scene may recall that Benn planned to address a meeting of Times Newspaper workers earlier this month. He was frustrated at the last moment — when his Cabinet colleague Albert Booth succeeded in getting talks between unions and management re-started. Callaghan then told Benn to desist.

Not one to dismount lightly from a hobbyhorse, Benn has characteristically found another forum. This week he fulfils a long-standing engagement to address the Institute of Workers' Control conference on the media, where I understand much of the forbidden speech will surface.

The subjects will include the well-worn Media Accountability and of course Racism in the Media. There are also to be explain-away sessions about the mysterious fact that readers stay away from socialist newspapers in droves.

This wholesale shying-away from reality may, however, be remedied before long. The conference is to explore the possibility of trade unions, or Left-wing groups, bidding for independent television franchises when they come up for auction next year.

Softest sell

"We make no claims for it at all," Ray Hamilton Cooper, managing director of the Red Kooga King of Ginseng Company, told me blandly. "This company is a subsidiary of English Grains, which is No. 1 in the health food trade. We sell critical tablets. . . . This is the most unethical tablet we have ever sold. We can't say it does anything."

For a man anxious to unleash an explosion of ginseng tablet eating and elixir drinking, it seemed a cautious approach. But Cooper assured me ginseng brought in all sorts of favourable correspondence, and the company above all relies heavily on such as Geoff Boycott and Henry Kissinger, both said to chew the root with beneficial effect.

A heavy advertising campaign starts today, concentrating on full pages in the Daily Mirror and Daily Mail, and intended to make roots part of the British way of life. Notable chewers are not, however, mentioned. Instead the purity and rarity of the product is stressed, and "the truth" said to be discoverable only if you "find out for yourself"—a fairly expensive experiment at £3 for five weeks' supply.

"We find that people repeat at least three times," says Cooper. "Me? I would be more sceptical about anything that did not tell me what it was for." He claims, however, that persistence with the root has "made me have done something for his squash.

High-class posts

A salary of £14,000 seems a not-unreasonable reward for gossiping to the locals and handing out the occasional pension; in fact, several of my acquaintances have talked of competing for a recently-advertised offer of "very substantial post office concern, London/Kent border." Apart from the aforementioned salary, it appears the chances of purveying gifts and greeting cards have been grossly neglected on the London/Kent borders. The advertisement we have all been looking at says takings could easily be pushed up to "in excess of £1,500 pw," although the present owner seems satisfied with £80 pw as a supplement to his £14,000. The price of £35,000 for the lease seems altogther a snip.

Sadly, I discover, there is a barb on these lures of opulent Oblomovism. The GPO tells me that it indeed pays sub-postmasters between £1,000 and £20,000 a year, depending on the amount of work: "Out of that must be paid all the overheads, including the wages of the staff —you may have to employ up to five assistants." Moreover said the relentless murder of dreams, no-one had the right to sell the position of sub-postmaster anyway: "It is within the gift of the local postmaster."

Strictly speaking this may be true. But I gather that the GPO has just concluded an agreement with the 21,000-strong National Federation of Sub-Postmasters which recognises the resale value of their unsaleable positions.

After 32 years of arguing their case, says general secretary Norman Taylor, the GPO is now prepared to make ex-gratia payments of nine months payments if, on resigning, the sub-postmaster's position is not filled. And two years, payments are to be if the GPO decides to close a post office because it does not do enough business. "It's not compensation." Taylor tells me. "It's really an agreement to make a payment. Subtle differen."

Observer

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THE SCOTCH OF A LIFETIME

FINANCIAL TIMES SURVEY

Monday March 26 1979

MIDDLE EAST OIL

With the upheaval in Iran, political events in the unstable region where most of the world's oil reserves lie, have again squeezed supplies and sent prices soaring. The ability and willingness of producers, including Saudi Arabia, to meet future increases in demand, are in very serious doubt.

[M]arket [f]orced [o]ut of [b]alance

[R]ichard Johns
[Mid]dle East Editor

[...]IDENCE, IT might be [...] was perverse to place the [...]r part of the world's oil [...]ces in one of its politically [...]ble regions. Consumers [...] made painfully aware of [...]ncomfortable fact of life [...]73, when the last Middle [...]onflict led Arab producers [...] production and in doing [...]ated the conditions for the [...]old rise in prices at one [...]. The Iranian revolution, [...]er event that well-equipped [...]sters such as those of the [C]entral Intelligence Agency [f]ailed to predict, has once [...] upset the delicate balance [...]pply and demand. The [...]n decline in Persian pro[...]on last autumn and the [...]-month break in exports [...] prices on the spot market [...]ting and threatens serious [...]ge to the economies of the [...]ming countries, indus[...]sed and developed alike. [...] 1973 the Arab decision to [...]e output and place an em[...] on the U.S. was taken in [...]eat of battle with Israel. [...] market conditions created [...] artificial. Yet when Arab [...]ction returned to normal, [...]bers of the Organisation of [...]leum Exporting Countries [...] able to maintain the gen[...] price increase decided at [...]nd of 1973 (following with[...]ree months of one of 70 per [...] with only a marginal drop [...]llective exports in the fol[...]g year. Demand proved to [...]markably inelastic.

[...]st how the new price levels [...]surchages imposed and the [...]d amounts obtained on the [...] market in the past three [...]ths will be reflected in a [...] price structure remains to [...]een. Much is likely to de[...] on the outcome of the con[...]tive meeting of OPEC min[...]s beginning in Geneva today. It should be noted, however, that the situation is different in one vital respect from that of five years ago, when the Arab producers were willing to restore exports to their former level.

The new regime in Iran has stated that its exports should be limited to less than half the volume before last October. Instead of aiming at an output of 6m barrels a day—about one-tenth of global consumption—the new Government has indicated that it wants to limit production to 3-3.5m b/d. The shortfall would be equal to the extra oil available to the consumers from the North Sea and Alaska, as well as the additional crude that Iraq has been willing to produce over the past few months. It is still possible, despite the drastic cuts in expenditure planned, that the Republic may need to produce more to satisfy import demands—although that, in turn, would depend on the revenue obtained from each barrel.

Early

Overall it is still too early to judge the full implications of the Shah's fall from power—in particular, to what extent it has expedited the energy "crunch" that most forecasters optimistically had not anticipated until the middle of the next decade. Certainly, the Iranian revolution brought to an abrupt end the halcyon days of over-supply enjoyed as a result of Alaskan and North Sea crude coming on stream. In doing so it shattered the consumers' complacency about market conditions that until late last year had led to doubts whether any significant price rise could be sustained in 1979.

Without the unforeseen upheaval, the quarterly increments decided upon by OPEC for 1979 would probably have been lower. With the market in a state of flux and Saudi Arabia evidently still anxious to restrain unwarranted price increases, the chances are that OPEC will do no more than collectively approve a surcharge and give its blessing to members to obtain what they can on the market. Nevertheless, attention must now be focused on more fundamental problems on the horizon.

Mexico's clear enunciation of a cautious production policy and a more sober appreciation of its potential have dampened any illusion about its drastically changing market prospects in the longer term. In the meantime the crisis caused by the suspension of Iranian production and its resumption at reduced levels has only served to emphasise the dependence of consumers on the Middle East. No geological formations are known to exist offering an alternative except perhaps below the untapped ocean beds and the Arctic wastes where reserves, if they exist, may defy technology or be prohibitively costly to extract.

No less than 56 per cent of the world's "published proved" reserves were located in the *Middle East, excluding North Africa*, according to figures available at the end of 1977. At the best such statistics can provide only a rough estimate but, if anything they probably tend to underestimate the pre-eminence of the region. In 1977 Middle East producers, including those of North Africa, accounted for 53 per cent of the non-Communist oil production and 42 per cent of the total.

Proportionately their contribution to global imports in the same year was even higher at 77 per cent. The Middle East's *dominance in OPEC is even* greater. The seven Arab members and Iran were responsible for 80 per cent of total OPEC output last year and even more of overall rated capacity. The weight of the Middle East producers within OPEC, especially those of the Gulf, the centre of gravity where the level of supplies and prices are ultimately dictated, means that the organisation is for practical terms dominated by the region *as* far as decision-making is concerned.

Within that context, of *course, the position* of Saudi Arabia is of critical importance. Even at conservative estimates the Kingdom possesses a quarter of the world's exploitable oil reserves. Over the past five years Saudi Arabia has been able to exercise something approaching effective leadership in the setting of prices because it is the largest exporter in OPEC and has had a margin of production capacity in hand to influence the market—which, it is now generally acknowledged, must be the final arbiter.

By contrast, with the exception of Venezuela, the prime mover in the formation of OPEC, the non-Middle East producers—Indonesia, Nigeria, Ecuador and Gabon—have been peripheral in its counsels.

OPEC's Arab dimension, rather more than producers' solidarity, has made it difficult for Saudi Arabia to restrain pressures for higher oil prices from other members of the organisation. The consuming countries of the West, particularly the U.S., have not always fully appreciated the inhibitions that it had to overcome in pursuing the course of moderation. The Kingdom was powerless to prevent the escalation at the end of 1973, though it was successful in limiting it. Thereafter, Saudi Arabia was quick to make known its view that the new level was unjustifiably high and subsequently did its best to restrain the "hawks" of OPEC.

Saudi policy has reflected an objective assessment of the consequences for the world economy and, in the final analysis, the inter-dependence of its own well-being — as well as that of the other producers — with the health of the consuming countries. As a rich and conservative but vulnerable oil power, Saudi Arabia has been concerned with its own self-interest in maintaining the best relations possible with the West and the U.S., its prime ally in combating the threat of the Soviet expansion in the region.

Division

The Kingdom went so far as to force the unprecedented division in OPEC and the two-tier price arrangement in the first half of 1977, when, together with the United Arab Emirates, it stuck at an increase of only 5 per cent compared with the 10 per cent decided upon by the others. The experience was not a comfortable one for it—opening the Kingdom, as it did, to the charge of being subservient to the West. Ironically, attacks from the Shah were perhaps the most disconcerting.

It was a relief when prices were realigned in mid-1977 and Iran—for political reasons not un-related to its own special nexus with the U.S.—became converted to price moderation. Better still, both could argue and other members of OPEC could not dispute that slack market conditions made further price increments untenable. Even so, as the purchasing power of the other producers was eroded by the fall in the value of the dollar and accumulated inflation, Saudi Arabia could not ignore the squeeze of other producers which did not possess its accumulated reserves and substantial—but rapidly diminishing—surplus.

Apart from being a more convenient defence for Saudi Arabia, the argument about market forces being the final arbiter of prices makes sense for other reasons—not the least the need for conservation measures and the development of alternative sources of energy. Despite the growing squeeze on their revenues, the rationale was accepted by other members of OPEC including the main Arab militants Libya and Iraq. They recognised last summer the limitations on OPEC's freedom to raise prices in the absence of a concerted attempt to restrict supplies through a concerted production programme

Such has been a traditional OPEC objective, most vigorously espoused in earlier days by Venezuela. Two attempts were made to introduce production rationing in the mid-1960s, without success, at a time of a buyers' market when other members, including Saudi Arabia were not only unwilling to cut their output but were determined to increase it. Since the 1973 price explosion there has been no serious talk of a production programme because of the Kingdom's power as the main OPEC supplier and its adamant refusal to surrender complete control over its production policy.

Changed

Over the past nine months the whole configuration has changed. At the OPEC ministerial conference in Geneva last June some understanding on production restraint was secretly reached in order to firm up the market. Not until November did Mr. Tayeh Abdel-Harim, Iraq's Minister of Oil, give firm confirmation of the existence of an agreement on what he described as "a sort of organisation rather than planning." It remains unclear what, if any, specific commitments were made. The strategy may have been based on no more than the simple fact that most OPEC members have set limits on their production that would sooner or later have brought supply and demand into balance. As Dr. Fadhil al Chalabi, Deputy Secretary-General of OPEC, put it in a recent address, "Constraints on Middle East production capacities should be expected to increase over time, with its reserves being depleted at rates much higher than the world's average."

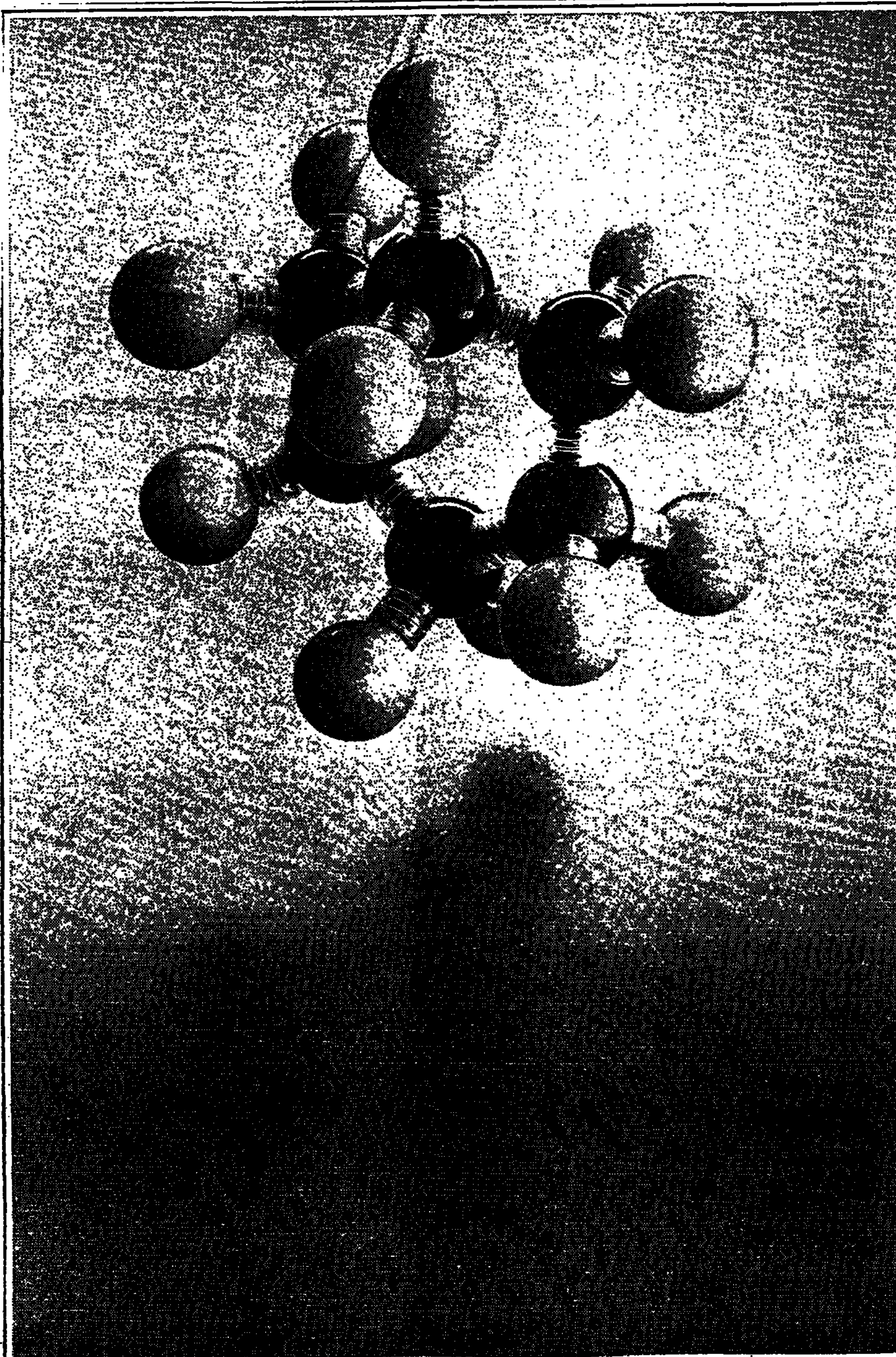
Disequilibrium in favour of the sellers was suddenly brought about by events in Iran which could not have been better designed by an OPEC programmer. Ironically, Iraq is the only producer to have substantially increased output—to a record level of 3.2m b/d or more — apart from Saudi Arabia. The latter on a temporary basis has permitted liftings of 1m b/d above its 8.5m b/d ceiling from its main operating area, though only at last quarter prices, suggesting that the allocation may have been "borrowed" from exports allowed later in the year.

Of more profound significance however, are the indications that the kingdom considers this to be the most that can be sustained without depleting reserves too rapidly and only envisaged raising actual capacity, measured on such a basis, to just under 12m b/d by the early 1980s. Moreover, Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, pointed out in January that the Iranian crisis had effectively *diminished his country's ability* to influence prices.

Evidently Saudi Arabia is more concerned about conservation than ever before. More serious for the consuming world, which banked on its willingness to produce more oil than it requires for revenue, the kingdom may not be prepared to meet much, if any, more incremental demand. Here the political aspects of Middle East oil are discernible.

In return for flexibility over production and moderation on the prices front the kingdom has looked to the U.S. to bring about a satisfactory Middle East settlement. Now it is confronted with the Egyptian-Israeli peace treaty which, understandably, it regards as a totally inadequate basis for a comprehensive solution of the Arab-Israeli conflict, which the Saudis believe must include self-determination for the Palestinians and recovery of all territory occupied in 1967.

The rejection of the treaty by almost the whole of the Arab world seems likely to be reflected in Saudi attitudes towards *the availability* and price of oil. Worse, at some point in the not too distant future the world could see the Arab "oil weapon" drawn from its scabbard again.



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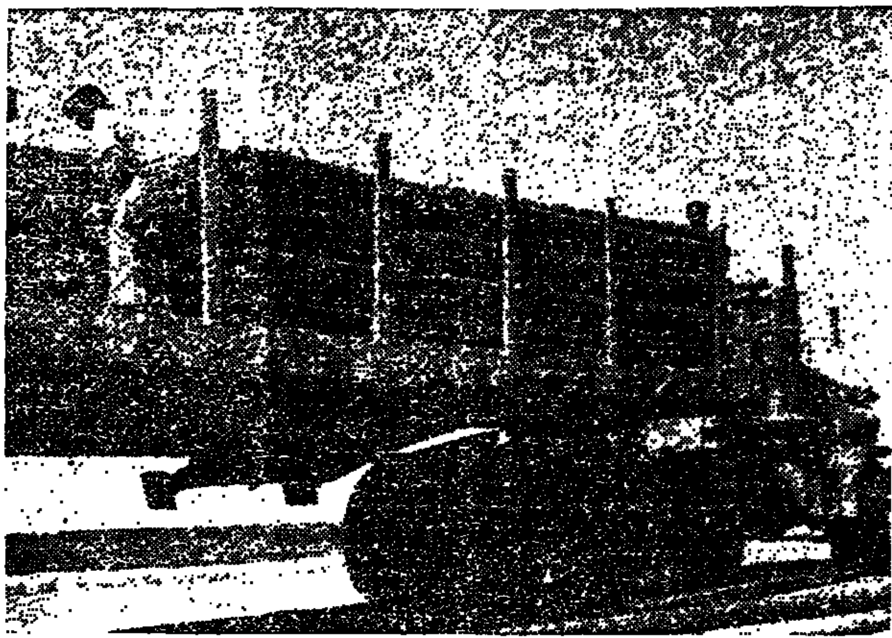

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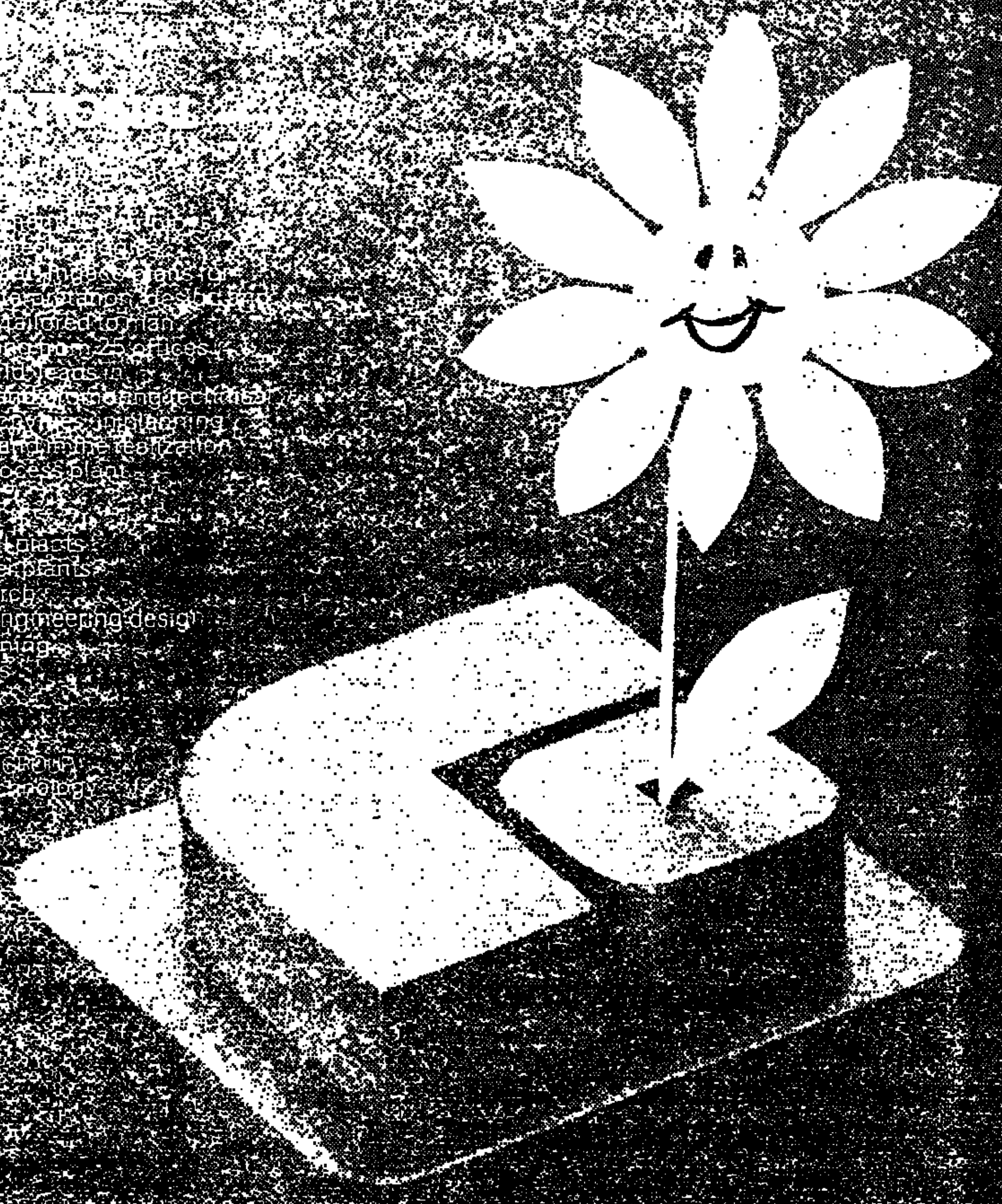

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MIDDLE EAST OIL II

The waning power of the majors

THE APPARENT demise of the consortium of western oil companies in Iran has dramatically marked the latest stage in the waning power of the international oil companies in the Middle East. The economic prosperity of the industrialised world is now more dependent than ever before on supplies of imported oil, particularly from the Middle East. But in recent years its power to influence events in the producing countries has been rapidly eroded as the oil states have asserted control over their own resources by *cutting back the privileged* position previously held by a small number of major international oil companies.

The Organisation of Petroleum Exporting Countries (OPEC), formed in September, 1960, now accounts for nearly half of total world oil production, and of this some two-thirds comes from Middle East OPEC members. Last year OPEC production totalled 29.9m barrels a day, with the Middle East producers contributing 20.5m b/d. The actual formation of OPEC was itself a significant event, but it took more than 10 years for the organisation to develop the capability that was to change radically the direction of the world oil industry.

OPEC was formed, its founders claimed, simply "as a response to the unilateral decision of the multinational oil companies to cut posted prices in February, 1959, and again in August, 1960, thus inflicting severe damage to the economies and development programmes of oil-producing countries."

The ultimate ownership of petroleum resources in most of the producing countries normally rested with the state, in one form or another. But under far-reaching concession agreements the companies were able to establish their own development programmes, levels of production and export and, most critically, their own pricing policies.

A system of "posted prices" had existed since the early 1950s, which formed the basis on which the royalties and taxes accruing to producer governments were calculated. The arrangement proved feasible as long as prices held up or increased, but in 1959 and 1960 posted prices were reduced by the oil companies in the face of a build-up of surplus production. Confronted by the threat of falling revenues five leading producers, Saudi Arabia, Iran, Iraq, Kuwait and Venezuela came together in 1960 to form the Organisation of Petroleum Exporting Countries. The true significance of the event was not realised at the time, but their action triggered the process by which the power of the oil majors to dictate events began an irreversible decline as their ability to control oil production was gradually undermined.

In the particular instance of Iran the revolutionary Government's apparent intention to cease all dealings with Iranian Oil Participants, the consortium of 22 western oil companies led by British Petroleum, is the culmination of a process begun in 1951, when the industry, which was then run by BP as sole concessionaire, was first nationalised. Iran's attempt under the nationalist Prime Minister Mohammad Mossadegh to market its oil *independently* was thwarted, not least because of an international boycott that was enforced with the help of the Royal Navy.

When the development of Iran's oil industry was resumed in 1954 it was still in co-operation with the western oil industry, this time with a consortium led by BP with a 40 per cent share, but which included all the oil majors as well as a collection of smaller independent U.S. oil companies.

The Iranian action was clearly ahead of its time, but it marked an important step in a process that reached its climax in October 1973 when effective ownership of production was transferred from the operating companies to governments or their national oil companies. The long era in which a small number of oil companies operating in the OPEC area effectively controlled the development, production and price of the bulk of the world's internationally traded oil was ended in little over a decade.

The various producing countries in the Middle East have taken different routes to state control. They range from the 100 per cent takeover of the original concessionaire companies in states such as Kuwait and Qatar to sharing arrangements under which the oil companies have been allowed to keep minority equity interests in *countries such* as Libya and Abu Dhabi.

Agreement

In most cases the oil companies are still present in some form of operating agreement at least, where they work as service contractors or technical advisers to the state oil company. But in the most extreme case, Iraq, the oil companies have retained no foothold at all except as *lifters* of crude.

The mainstream of the takeover activity began in 1973, when General Agreements on Participation came into force in several producing countries giving them an initial 25 per cent ownership interest. This was to have been extended to 51 per cent on January 1, 1982. The agreements were quickly superseded, however, by others giving a 60 per cent interest or more.

Over the past three years this has moved in most instances to 100 per cent ownership, and in the largest oil exporting country of all, Saudi Arabia, just such an arrangement has been virtually ready for signature for many months.

Formally Exxon, Standard Oil of California, Texaco and Mobil still hold a 40 per cent share in the Arabian American Oil Company (Aramco), which produces nearly all Saudi Arabia's oil. Finalisation of the agreement, however, under which the Saudi Arabian Government will take full ownership is still awaited, even though the basic terms—back-dated to the beginning of 1976—were worked out three years ago, and as far as the financial arrangements are concerned have been in operation since last year.

The major point which is still to be resolved, however, is exactly how much oil will be available to the four Aramco partners to lift. At one point the Saudi Government was talking of about 7.7m barrels a day, but more recently the figure has apparently fallen to some 7m barrels a day. Even at this level it is difficult to see, however, how the crude entitlement could be provided against the Saudi's present production ceiling. In addition to Aramco's share Petromin, the Saudi state oil company will be marketing in the future more than its present level of 1m barrels a day. Just as importantly there is another 1.5-2m barrels a day that foreign partners are negotiating as "incentive oil" to take part in refining and petrochemicals joint ventures.

In Iran the western oil companies' change of circumstances has been altogether more abrupt. Before the revolution the consortium was producing the bulk of Iran's oil—about 5m barrels a day out of a total of 5.7m barrels a day—and it was exporting some 3m barrels a day. Production was handled by the Oil Services Company of Iran (Osco), a subsidiary of the consortium, under contract to the National Iranian Oil Company.

The consortium's agreement was already being renegotiated before the revolution, but officially it is still in force and has many years to run. Some consortium members still hope it has a role to play. But at the end of last month Mr. Hassan Nazih, the managing director of NIOC, said the consortium's role was ended. The word "consortium" will be "omitted from the oil industry's dictionary," he said in an emotional speech to oil workers.

Future relationships are still far from certain, but at least one consortium member, Shell, has negotiated individually with NIOC and has lifted one cargo bought at a spot market price.

Apart from Iran nowhere has the international industry had such a rough ride as in Iraq. Finally in 1972 the Government summarily nationalised the main producing fields that had been run on concessionary terms by the Iraq Petroleum Company—the group made up BP, Shell, Compagnie Française des Pétroles, Exxon, Mobil and Gulbenkian interests. They retained no foothold in the country as contractors as operating responsibility was placed in the hands of the Iraq National Oil Company. Nor were they given any privileged access to supplies except for CFP which took the lead in negotiating the nationalisation settlement. It alone could be said to have a special relationship as far as supplies and price are concerned.

Minority

Other members of the old consortium, which still exists as a minority shareholder in its Abu Dhabi on-shore concession and as an operator on land in Qatar, have entered into renewable contracts. Iraq has been of particular significance to the traditionally "crude short" Mobil and Shell. Details of contracts are not published, however, and are regarded as a state secret — revelation of which by nationals can incur the death penalty.

In other countries such as Kuwait, Qatar and effectively Saudi Arabia, the oil companies still play vital roles as technical advisers or as operators, although their presence is far less obtrusive than it was just a few years ago. In all of these cases the companies have remained the major crude lifters and as such receive a discount for their services — 15 cents a barrel for BP and Gulf in Kuwait and 17-21 cents a barrel for Aramco partners in Saudi Arabia. In Qatar, Shell, and the old consortium members of the Iraq Petroleum Company, which developed Qatar's onshore reserves, receive a fee of 18 cents a barrel.

There are still some exceptions to the rule of 100 per cent takeover, such as Abu Dhabi and Libya. Here a complex web of oil company minority interest still survives, but the national oil companies exert an overwhelming central influence.

For the future it is clear that the Middle East producers will also wish to take an increasingly direct role in the marketing of their crude—where this has not already happened—and the Arab OPEC states are also anxious to move downstream in the industry into refining, petrochemical and shipping.

Kevin Done

Urge to diversify

SLOWLY AND sometimes haltingly, the Middle East and North African oil producers are bringing on-stream the capital-intensive plants which will allow them to diversify away from being mere exporters of crude. Since January, 1978, we have seen a significant expansion of the Abadan oil refinery: the opening of Lubref, a Saudi lube-oil refinery involving Mobil: the addition of further LNG capacity at Skikda in Algeria; the inauguration of Kuwait's NGL and LPG plant; the opening of Iraq's iron and steel complex at Khor al-Zubair; and the Queen's recent opening of Dubai's massive dry dock and ship-repairing facility.

The most tempting step toward industrialisation for these *countries is to build refineries* to process the crude before exporting it. Algeria, for instance, has a policy that it will export only oil products by the early 1990s. The Saudis have plans for joint ventures between Petromin and Shell International, Mobil and the Chevron-Texaco partnership, which should double the country's refining capacity by the late 1980s—though the target of just under 1.5m barrels a day will still leave plenty of room for crude exports.

On the other hand the economics of export-oriented refineries do not look particularly promising. Transporting products will always remain more expensive than shipping crude, though the development of VLPCs (Very Large Product Carriers) and investment in import terminals and storage facilities in the industrial world will start to narrow the gap. But *planned export refineries face* the further problem that there is considerable excess refining capacity in both the West European and Japanese markets, so one is left with the feeling that the oil producers will have to tie product sales to crude purchases if they are to find a home for all their products.

Much more promising is the intensified search for a fuller utilisation of these countries' gas resources. As late as 1974 two-thirds of the gas produced by the five leading Middle East oil producers was flared. This is a tragic waste of a potentially valuable resource but there is still considerable uncertainty how best to use it.

The trouble is that natural gas is relatively expensive to transport. Where fields are close to markets pipelines can be used, and one striking development here is the proposed $3bn pipeline between Algeria and Sicily which should be operational around 1982-83. Geography is against the Middle East producers, though Iran's proximity to the Soviet Union has led to two piped gas deals. The first, originating in the 1960s, was a straight export deal. The second, due to start in 1981 is a more complicated triangular deal, whereby the Iranians will pipe gas to Russia, which will then pipe a proportional amount of its own gas to East and West European customers.

The alternative to piping gas is to ship it. There are two principal ways of doing this. The first is the LNG (Liquefied Natural Gas) route, in which methane is refrigerated and pressurised (at over 45 atmospheres) and then transported in carriers which keep the liquefied gas at —160 degrees C. for regasification close to end-markets. All these stages devour capital, and LNG ends up costing some 6-8 times more to transport than crude oil.

Algeria has gone most enthusiastically for this approach to gas exports (Libya and Abu Dhabi are the only other regional oil producers with LNG facilities on stream), and by 1980 could well have almost half the world's LNG capacity. Over the past four years the Iranians have also ben discussing possible LNG deals with the U.S. and Japan, though only discussions with the latter were still alive at the time of the Shah's downfall.

Uncertainty

Apart from the cost of the LNG process, the *big uncertainty* overhanging the trade is how U.S. import policies will evolve. Initially the Algerians were aiming hard at the American market, but the recent U.S. Department of Energy's veto on two Algerian export contracts indicate that the Americans are now erecting a Western Hemispheric gas policy round Alaskan, Canadian and Mexican supplies, with long-distance, "insecure" LNG imports being put bottom of the list of priorities.

The Algerians have no choice but to turn to West Europe for alternative customers—and are finding them there.

The second way of shipping gas is to separate out two gases, propane and butane (known together as LPG) from the rest of what makes up natural gas. Since LPG requires rather less extreme handling than LNG, it transports for only some three-four times the cost of transporting crude. Its use is as a high-grade, clean and sulphur-free fuel for steelworks and other industrial uses, primarily in Japan and the U.S.

The problem is that the oil-producing world has gone on an investment spree in this sector, while projected demand for the product has been cut back. The result could be over-capacity in *the industry of anything up to* 35 per cent by 1985. By that time the Saudis should have almost a third of global export capacity, and should have a sector three times the size of the next contenders—Algeria, Iran and Kuwait.

Despite the growing LNG and LPG trades, there is in fact a lively debate as to whether they are actually the best way of utilising gas reserves. In mid-1978, for instance, there was an *editorial* in OAPEC's monthly bulletin pointing out

CONTINUED ON NEXT PAGE

HEAVY INDUSTRIAL PROJECTS AMONG THE MAJOR MIDDLE EAST OIL PRODUCERS

A=In operation B=Under construction/Subject to firm contract.
C=Design engineering/Advanced studies. D=Early studies/Feasibility studies.

	Petro-chemicals	Ferti-lisers	LNG	LPG	Refining	Iron and Steel	Other Minerals Processing
Algeria	A2 D1	A2 B2 D3	A2 E2 C1 D1	B1	A3 B3 D1	A1 B1 D3	D1
Bahrain	—	—	—	B1	A1	—	A1
Iran	A1 B1 D1	A2	C1	B1	A8	A2 B3 D1	A1 B1 D1
Iraq	C1 D1	A2 B1	—	D1	A3 B3 C1	A1	B1 D1
Kuwait	D2	A1	—	A1	A5 D1	—	—
Libya	A1 B2	A1 B1	A1	—	A2 D3	D1	D1
Qatar	B1 C1	A1 B1	D1	B2	A1 C1	A1	—
Saudi Arabia	C4 D3	A1 B1 C1	—	A1 B1 C1	A3 B1 C3	B1	D1
UAE/Abu Dhabi	—	D1	A1	B1	A1 B1	D1	—
UAE/Dubai	—	—	—	B1	—	D1	B1

OAPEC creates the industrial base

IFORTABLE AS the to the western coun- ie Middle East oil pro- will gradually come to nd transport more and f their oil and create own hydrocarbon-based eam industries — en- ig on the traditional of the industrial states. his will mainly be done lividual Middle East nuch of the groundwork laid by OAPEC, the ation of Arab Petroleum ng Countries.

C has not only created f the institutions for wnstream industrial de- nt but is preparing the al countries for a new ic order through debate cussion, and is taking a role in negotiating the switch of industrial es.

C is now in the 12th its existence. Formed 1968 by Saudi Arabia, nd Kuwait, it was con- as a body that would the conservative pro- (this was before the revolution) to organise l and their revenues in they wanted and resist e from radical states. es were drawn up prin- by Sheikh Ahmed Zaki , the Saudi oil minister. ol. Gaddafy's takeover r in Libya in 1969, how- he organisation became cised and rather more al because of the more political spread of its rship. Libya insisted on joining in the same f new members that in- Abu Dhabi, Dubai, and Qatar, and in 1972 Egypt and Syria were d.

main aims of OAPEC in- coordinating petroleum and establishing joint s "in various stages of roleum industry," accord- Article Two of the agree- setting it up. The nce between it and OPEC, was founded in 1960 and ch the bigger producers long, it that OPEC has ore immediate aim of ng fair oil prices and terms with the oil com- while OAPEC is ily concerned with the rm aspects of cooperation interdependence among embers. Another key nce, of course, is that is an Arab organisation. best expression of 's purpose is in the joint ventures it has hed. The first of these e Arab Maritime Petro- Transport Corporation. in 1972, now owned by the organisation's mem- AMPTC represents partial ent of the Arab states' ion to carry as much as e of their oil and gas in wn vessels. Currently the rab fleet makes up about cent of the world's ton- a time when Arab states te about 30 per cent of seaborne trade, measured ume. Several Arab oil ers now own tanker tonnage and AMPTC has eight tankers totalling more than 2m tones and this year is taking delivery of two LPG carriers with a capacity of 75,000 cu m each.

The trouble with this and other Arab tanker shipping operations is that they have come into operation at a time of great oversupply in the tanker market. The only way in which AMPTC (and other Arab fleets) could ensure full utilisation would be by establishing an official preference for their ships, and this has so far been unattainable. All oil is traded on an fob basis, leaving little room for the effective implementation of cargo reservation for national tanker fleets. Other preferential methods, such as offering Arab ships cheaper fuel, have been tried and have failed for a number of reasons, ranging from abuses of the system to the difficulties of distinguishing between pure Arab operations and Arab-flag ventures with large stakes held by industrial countries. AMPTC lost $22.5m in 1977 on an operating income of $20.8m, and the shareholders last autumn agreed to set aside $80m over the next five years in the form of a soft loan to help it through its cash crisis. Plans to expand the fleet, notably on the petroleum product side, have been dropped.

The next battle will be over the transportation of LPG in Arab carriers. One of AMPTC's two ships will fly the Kuwaiti flag and will be able to share the transport of 40 per cent of that state's exports from its new LPG plant. However, the fact that the plant is having problems marketing its output suggests that full employment for the AMPTC ship, which will be competing with Kuwaiti-owned ships specially built for the purpose, is not guaranteed. However, in the shipping world it is accepted that as more gas plants come on stream and obtain markets the chances of the Arabs getting a good share of the market are higher than they have been for crude oil transport. Recently the Kuwaiti oil minister, Sheikh Ali Khalifa al Sabah, suggested that OPEC countries should simply decide what proportion of their crude oil and refined products they wanted to carry in their own ships and make the percentage stick by linking the sale of crude and products to the use of the producing states' tankers.

Offshoot

The Arab Ship Repair Yard (ASRY) at Bahrain is another offshoot of OAPEC which is a victim of the shipping slump. It came into operation at the end of 1977, having been conceived in 1968; the delay was mainly due to finding a partner willing to take an equity stake as well as provide design and management expertise. In the end Lisnave, the Portuguese ship repairers, came in under a service contract and the dock was built by Hyundai in only 18 months. ASRY's authorised capital is $340m and the dock, which can accommodate tankers of up to 500,000 tons, was the first to open in the Gulf. In common with most such facilities in the world, and despite a vigorous marketing and training programme, it is almost certain to experience losses for some time to come, even though it operated at 94 per cent of capacity in its first year of operations. The seven shareholder governments of the company—Saudi Arabia, Kuwait, Iraq, the UAE, Bahrain, Qatar and Algeria—have agreed to contribute up to $146m over the next six years to keep the dock going.

Even in 1973, when the tanker market was in better shape, ASRY never pretended that the lock would be a money-spinner and it is now presented as more of a strategic necessity and a training centre for the Arab world. "It is a school, not just a dock," Dr. Ali Atiga, the OAPEC secretary general, told the Financial Times recently. "In commercial accounting this element should be taken away. Like an airport or a harbour it's nice if it makes a profit, but it doesn't have to."

ASRY looks a rather better venture than the Dubai dry dock, built by the Ruler Sheikh Rashid on a far grander scale partly out of pique at OAPEC's decision to locate ASRY at Bahrain. Although now officially open it has no operator. Dr. Atiga says that he hopes it will be possible for the two facilities to co-operate but that the initiative ought to come from Dubai, and so far ASRY has not heard from it.

The third offshoot of OAPEC is the Arab Petroleum Investment Corporation (APICorp), which was set up in 1975 and is based at Dammam in Saudi Arabia. It has a paid up capital of SR 1.2bn and aims to invest Arab money in petroleum projects and related activities. It undertakes its financial operations on a commercial basis, although it takes into account the socio-economic circumstances of each individual Arab country. Its main activity since it became operational in 1976 has been to participate in loans and bond issues for projects—in 1978 its share amounted to $126m or 14 per cent of the total value. These projects include a fertiliser scheme in Jordan and a NGL project in Bahrain.

APICorp is also planning several projects as part of a consolidated Arab oil industry. These include the creation of a drilling company with a foreign partner (talks are being held with Santa Fe, and three rigs are being built); a detergent project; a catalysts project; and a lube oil project. Several of these projects are in areas identified by OAPEC. The corporation has made a profit on its activities so far and the next stage is for it to move more heavily into equity participation, which requires that it strengthens its staff and finds foreign partners.

The fourth of OAPEC's creations is the Arab Petroleum Services Company, which was set up in Tripoli in 1977 but has so far been slow to get underway. It is involved in the drilling project with APICorp and is planning companies in such fields as seismography.

Dr. Atiga points out that it is easier to buy tankers and commission docks than to train people, and this is one reason why the proposed Arab Petroleum Training Institute has taken so long to become established. It is now hoped that it will hold its first course next year, based in Baghdad, but this is conditional on the agreement of OAPEC's Board at its next meeting in May.

A new OAPEC institution which Dr. Atiga says is close to becoming a reality is the Judicial Board of the Organisation, designed to function as an arbitration council between members or between any member and a petroleum company operating in its territory. Eight out of ten members of OAPEC have now ratified the agreement to set it up (it was conceived when the organisation began), and its formation should be announced before the end of this year.

Talks

Last autumn Sheikh Ali Khalifa al Sabah, of Kuwait, then President of OAPEC, had detailed talks with Mr. Guido Brunner, the EEC Commissioner for Energy, and OAPEC is to hold further talks in the summer. The aim is to negotiate a smooth entry into the market for the refining capacity which is being planned or constructed in the OAPEC countries. The organisation does not intend to influence each Arab country's development policy but only to assist it in marketing, and in avoiding the current tariff and quota barriers. Dr. Atiga believes that the world refining capacity surplus will disappear in the 1980s as more European capacity becomes obsolete and new Arab capacity comes on stream (assuming that little or no new European capacity is built). Western companies would benefit from this trend by the sale of refinery equipment to Arab countries. Current OAPEC refining capacity of 2m b/d could reach 6m or 7m b/d by the mid-1980s, though a higher proportion would be consumed locally, the Secretary-General says.

Dr. Atiga does not think the entry of the Arab states into the export to Europe of refined products will be an easy matter, but he believes that it can be achieved smoothly by means of the kind of dialogue OAPEC is now attempting. But he also envisages the possibility of the Arab states tying the sale of crude to the sale of products—a device that is likely to require concerted action by oil producing states to be effective. OAPEC, he believes, could play a part in this.

James Buxton

Diversify

CONTINUED FROM PREVIOUS PAGE

here are other options. rst is to reinject gas into ls to increase or prolong ng recovery rates; this es crude for export, which ritably valued more highly the gas that is reinjected. kind of argument was nly becoming significant Shah's Iran, and explains his planners backed a ve injection programme ran's ageing oilfields. second use of gas which C suggested might give returns than exporting o use gas as a fuel for refineries so as to free il for other purposes. In almost any substitution of or oil in domestic energy ets again releases higher- crude for export. Finally, OAPEC author went on, ssing the gas for petro- ical and fertiliser products l once again optimise ns on gas.

ere is fairly general accept- that—with markets favour- —the oil producers have a parative advantage in turn- heir gas into ammonia (for s a fertiliser) and methanol easingly attractive as an tion to gasoline). In either the technology is not all complex and transporta- costs are quite low.

is significant that the Saudis exploring joint methanol ures with the U.S. groups nese and Texas Eastern and a Japanese consortium led by C. Itoh. They are also oring a fertiliser project Taiwan Fertiliser—a case h illustrates how non-OECD- d companies are gradually rting themselves into the dle East scene (Korea's ndai Group and India's ineers India readily spring mind as other examples).

ore controversial are the t ethylene complexes which being planned throughout area, particularly in Saudi bia and Iran. The use for r feedstock ethane, which s between methane and LPG its awkwardness to export in pure form. It is relatively easily converted into ethylene, however, the major feedstock within the petrochemical industry from which many plastics and synthetic fibres are derived.

The Iranian case is fascinating. The Japanese Mitsui group entered into a half share of IJPC (the Iran-Japan Petrochemical Company), which was planned as a vast complex, partly centred around an ethylene cracker. When first conceived IJPC was due to cost $800m, but today, thanks to a combination of the rising yen and inflation of the costs even in yen terms, the project is now budgeted to cost around $3.2bn.

It came through the upheavals surrounding the Shah's departure relatively unscathed (it was possible to keep construction going nearly all the time), but it is still only 80-85 per cent finished, and needs further injections of capital which have got to come from the Japanese side since the Iranians themselves lack the money. This project now has all the makings of becoming a financial disaster.

Slowly

Saudi developments are occurring more slowly. The authorities are deliberately working through joint-ventures involving companies such as Shell, Mobil (those two are the front-runners), Dow, Exxon and Mitsubishi. It looks as though the Shell project is closest to moving from negotiations to actual construction, though negotiations over issues such as terms of linked crude offtake are still continuing.

It is now conceivable that Shell could start construction some time next year, in which case we would be talking of the project coming on stream in 1984. The other major ethylene-based projects would follow at staggered intervals through the rest of the decade, though some of the partners could well drop out in the interval.

Western commentators sometimes express unease about the likely impact of such projects on world petrochemical markets. By my calculations, the Middle East and North African oil producers, which had virtually no ethylene capacity in 1977, could well have capacity enough to supply between 3.5 to 4 per cent of world demand in 1990; Saudi Arabia could be producing 1.5 per cent of world demand, with Iran providing a less impressive 0.4 per cent. After 1990 there should be little (other than Western protectionism) to stop the oil producers from increasing their share of world markets quite steadily.

The point is that ethane, which has few alternative uses in an economy like Saudi Arabia's, can be fed into such complexes at prices well below those facing U.S. or European competitors for their feedstocks. As a result both the Saudi Government and the foreign partners should be able to live quite comfortably even if these complexes produce transfer prices for their ethylene some 30 per cent below corresponding prices fetched by competing American or West European plants.

This gives the Saudi projects (which I would expect to be among the more efficient in the region) quite some leeway to overcome transport and tariff barriers—and it should never be forgotten that these will be the best-placed plants to service the small but rapidly growing demand for petrochemicals within the Middle East itself and around the Indian Ocean.

A final way that gas can be used is not as a feedstock but as a cheap source of energy for energy-intensive industries such as metal-processing.

This is particularly attractive in the case of steel, where the direct reduction technology is an ideal alternative to the massive blast furnace route, using gas rather than scarce coking coal, and coming in relatively small units, thus allowing countries to tailor steel production much more closely to their needs than is possible when dealing with blast furnaces, which ideally should run at capacity levels which would totally swamp a region like the Middle East.

The Iranians were in the middle of building a wave of such direct reduction plants before the change in regime left industrial policies uncertain. The Saudis recently committed themselves to such a plant of their own. In aluminium, Bahrain's smelter, Alba (in which the Saudis have just taken a 20 per cent stake—an interesting example of intra-regional, multinational investment) has been on stream for a while, and Dubai's competing plant, Dubal, is in the final stages of construction. Similarly, the Iranians were developing their copper smelting capacity in the last years of the Shah.

Not all of the projects discussed have been trouble-free, and some of them will never be profitable. But we do now have a sense of the emergence of an industrial superstructure based on the region's plentiful supplies of gas. It is all rather reminiscent of how energy-intensive and gas-based industries in the U.S. sprang up in the U.S. Gulf Coast States like Texas in the earlier decades of this century. There are, of course, differences. Major markets are rather further away from the gas than in the U.S. case. The lack of any previous industrial experience in most Middle East and North African States makes them much more dependent on expatriate labour. But cheap gas and, more feelingly, cheap capital (in the Saudi case) are giving the region a long-run comparative advantage in certain industries—something the West can do little about.

The Middle East producers will, of course, make blunders, but they are on a learning curve and the broad scale on which downstream industrialisation is taking place bodes well for the region's future.

Louis Turner
Royal Institute of International Affairs

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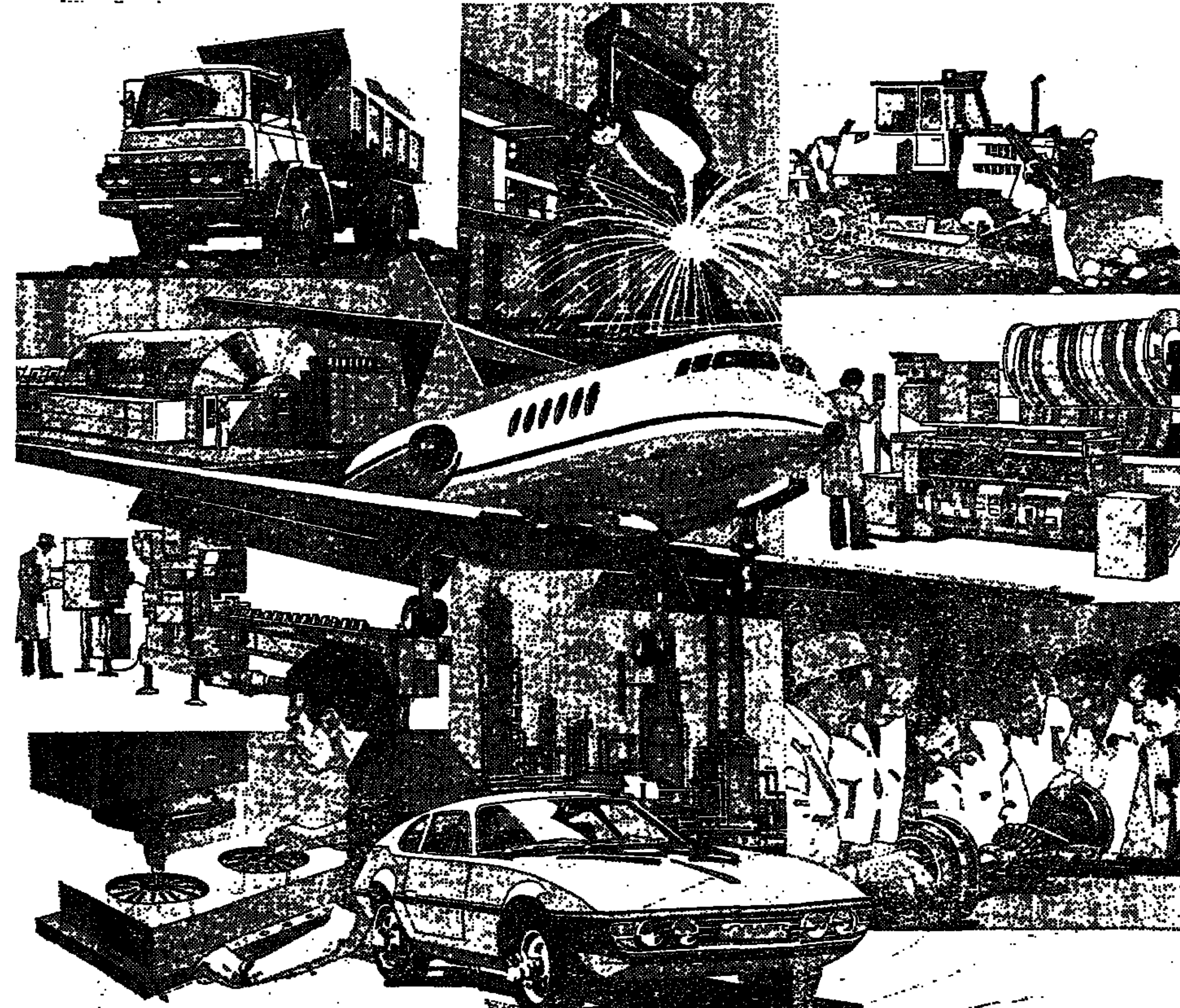

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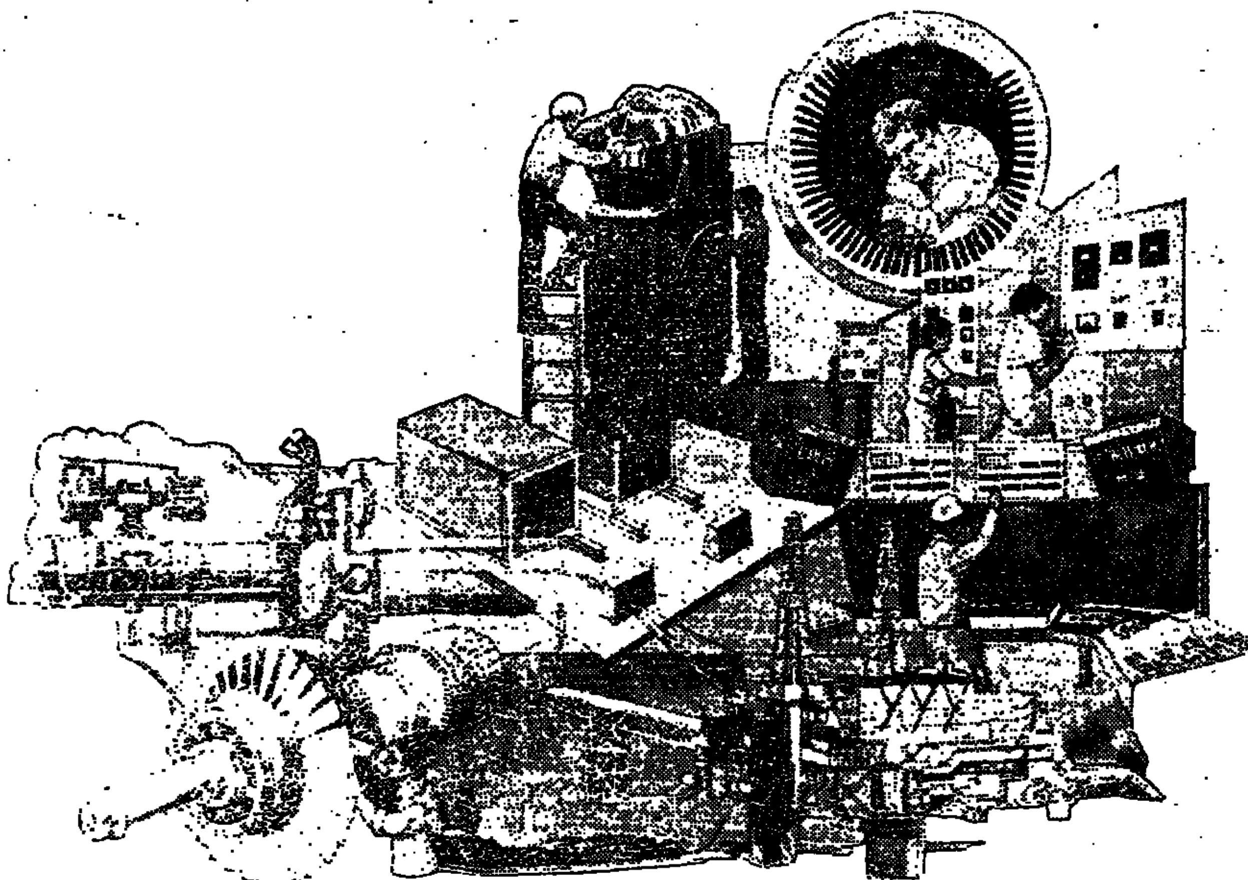

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IRAN

Picking up the pieces

IRAN HAS abandoned its position as the world's number two oil exporter apparently without regrets. The National Iranian Oil Company has settled down to producing only some 2.5m barrels a day, or about 40 per cent of previous output levels, and shows no sign of planning to push it significantly higher.

NIOC has yet to be instructed on the revenue Government expects from oil but, officials say, the authorities are not pushing for the extra revenue from higher output. More modest development ambitions, economies in such areas as the Shah's $10bn a year defence budget and higher oil prices will compensate, it is argued, for the reduction in oil income. But whatever the financial reasoning, the main attraction is the practical advantage of low production at a time when NIOC is seeking to assert its independence from the Western Consortium which has managed oil production and marketed the bulk of Iran's oil exports for the past 25 years.

NIOC claims that the Iranian employees of the Consortium's operating subsidiary, the Oil Service Company of Iran, can cope with production of up to 4 or 4.5m barrels a day and at the lower levels of production have more chance of avoiding the technical hitches and maintenance problems that would need the attention of expatriate technicians.

NIOC does not appear to have inherited any special technical problems from the closure and neglect of the oilfield installations during the months of turbulence that toppled the Shah. There are no oil well difficulties from the lack of production, according to Jahangir Raouf, NIOC's director for exploration and production and now acting general manager of OSCO. Pumping stations have been given routine maintenance and reports of severe corrosion or clogging in pipelines have yet to be confirmed.

At reduced production levels, Iran also buys time for picking up the pieces of the massive gas, gas liquids and reinjection programmes for which Iran has been investing around $1.5bn a year for the past four to five years. Expatriate management as well as engineering and construction skills are recognised as indispensable by NIOC. But with output well below the 6m b/d levels which the Shah attempted to sustain, there will be less urgency in pursuing these projects and fewer foreign workers needed.

Soundings

NIOC has already taken soundings from foreign companies on the possibility of their supplying the technicians it needs, but has yet to define either the numbers or the skills it requires. The main difficulty for NIOC will not be in finding the appropriate skills but in finding expatriates who will be ready to take up jobs in an area where revolutionary fervour runs high and security will be difficult to guarantee.

Greater uncertainty surrounds the ability of NIOC to market its crude without the compliance of the Consortium, with which NIOC has a "Sales and Purchase Agreement," technically valid until 1998. But despite its relative inexperience of crude oil marketing, NIOC should encounter few difficulties in disposing of the limited amounts of oil now available for export. NIOC previously marketed around 1.5m b/d direct to its own clients, ranging from the U.S. independent Ashland Oil to East European governments, and does not expect any difficulties in attracting these back.

Within a week of the resumption of crude oil exports on March 5, NIOC officials claimed to have signed up term contracts involving more than 1m b/d and taking effect from April 1 and could point to a queue of prominent customers waiting to negotiate for more. Japanese companies seem to have set the pace, sending in several teams to Tehran during March, but other companies, among them ENI, were also represented. The early conclusion of even more contracts seems to have been delayed only by a reluctance to sign at the high prices demanded by Iran before the results of the OPEC meeting in Geneva on March 26 were known.

In contrast to the publicity given to the $18-20 a barrel fetched for spot sales, NIOC has taken some care to keep quiet on the pricing of its term contracts. "You can sell at over $20 a barrel on the spot market and it won't make any difference in OPEC," commented one NIOC official, "but long-term prices are sensitive." But company sources leave little doubt that so far Iran has been receiving over $16 a barrel on term sales compared with the somewhat anachronistic OPEC price of $13.45 for Iranian light.

However, if NIOC seems to be in a commanding position to push ahead with what chairman Hassan Nazih has called the "re-nationalisation" of the Iranian oil industry, the running of the industry remains highly vulnerable to domestic political upsets. Mr. Nazih's recent offer of IR10bn ($125m) for the development of Khuzestan Province, in which Iran's major oilfields are located, was a shrewd gesture at a time when NIOC's overriding concern was to ensure that there would be no resistance to its plans for resuming oil exports. It also reflected the pressure on NIOC from the local committees that act in the name of Iran's religious strongman, Ayatollah Khomeini, and have become the effective authorities in Iran's provinces.

Although the committees say they do nothing to interfere with the decisions of the oil company, their power has already been felt by middle management in the oil fields, some of whom have been "sacked" and nearly all of whom have found their affairs under the suspicious scrutiny of technically unqualified militiamen and committee representatives.

To some oil industry observers, it represents an ironic reversal of the past situation, in which even the most elementary decisions were referred to senior management, and which was the target of critical comment within the industry. "Instead of a few bums on top you have a multiplicity of bums down below," was the wry comment of one foreign oilman.

But if NIOC's management team is now rated as stronger than many of its predecessors, it seems only a matter of time before the company is purged of those tainted by corruption or by their service to the Shah's regime. One of those considered best qualified, professionally and politically, to remain in his post is NIOC's deputy chairman, Mohammed Ali Narvegh, a former deputy chairman of OSCO, who was squeezed out of NIOC by Hushang Ansary in 1977 and left for Paris. There, he was later in contact with Prime Minister Mehdi Bazargan and others close to Ayatollah Khomeini. But with the Prime Minister's position the subject of considerable uncertainty in recent weeks, the extent of future changes cannot be forecast.

By a Correspondent

UNITED ARAB EMIRATES

Major investment

ABU DHABI has chosen to proceed with growing caution with its plans to diversify its industrial base but is pressing ahead with a major investment programme to develop its oil and gas industry. Exploration activities are being intensified in order to establish more accurately the scope of the country's hydrocarbon reserves, while at the same time the Government is pursuing closely a policy of limiting oil production to a level that will prolong the life of the major fields and maximise the recovery of all hydrocarbons, including the vast quantities of associated gas that are produced along with the crude oil.

The country is also determined to maintain a premium price for its high-quality light crude and was one of the first oil producers to introduce a special 7 per cent surcharge last month in response to the turmoil in world oil markets caused by the loss of crude exports from Iran.

Oil exports have provided huge funds for development in all of the member States of the United Arab Emirates, of which Abu Dhabi is by far the largest, but the bulk of the oil and gas reserves is concentrated in the hands of the two richest emirates, Abu Dhabi and to a lesser extent Dubai.

Abu Dhabi is one of the younger Middle East oil producers. Production began as recently as 1962. Some exploration was carried out in the 1930s, but serious activities did not begin until after World War II, with the first major finds in Abu Dhabi coming in the late 1950s. Production built up from 1962 in a series of dramatic annual increases, but by 1974 Abu Dhabi had become concerned at the over-exploitation of certain fields and it decided on a new policy aimed at conserving the fields by limiting production.

Crude oil output reached a peak in 1977 of 1.64m barrels a day (b/d), but last year fell by nearly 13 per cent to 1.45m b/d. The onshore fields are now working to an overall production ceiling of 850,000 b/d, while the two major offshore fields are limited to an average output of 500,000 b/d. The balance of production comes from a couple of smaller offshore fields.

The present production level is very similiar to that being achieved in the offshore fields of the UK sector of the North Sea. But whereas the UK has a population of more than 50m on which to spend its oil revenues, the population of Abu Dhabi in 1976 was measured at only 236,000.

With massive revenues from oil exports accruing to such a small population, economic development in recent years has proceeded at break-neck speed. But Dr. Mahmoud Hamra-Krouha, the general manager of the Abu Dhabi National Oil Company (ADNOC), describes present Government policy for the oil industry as "careful, cautious and systematic."

In practice this means that billions of dollars are now being spent both onshore and offshore on schemes to collect the associated gases produced along with the crude oil, which in the past have been wastefully flared off. Offshore, a major investment programme is under way to develop the huge reserves of the Upper Zakum field, while onshore a major new export refinery is being constructed at Ruweis.

Unlike many of its neighbours in the Middle East, Abu Dhabi has elected to go for partnership with the international oil industry in exploration and production rather than for a 100 per cent takeover of the foreign companies' assets. The result is that Abu Dhabi's oil industry is a complicated patchwork of partnerships and joint ventures, but in every activity the dominant partner is ADNOC, which has the brief to develop and control all oil and oil-related industries.

Fifth

Onshore production comes from four main fields, Bu Hasa, with an output last year of 455,000 b/d, Asab (316,000 b/d), Bab (51,000 b/d) and Sahil (25,000 b/d). A fifth field, Shah, is being developed and should be coming into production in the first half of 1981. The planning and technical design work has started and output should reach a level of about 50,000 b/d.

Offshore the major development work is undertaken by the Abu Dhabi Marine Areas Operating Company (ADMA-OPCO), in which ADNOC again holds a 60 per cent interest. The balance is held by British Petroleum 14⅔ per cent, Compagnie Francaise des Petroles 13⅓ per cent and the Japan Oil Development Company (Jodco) 12 per cent.

Both on and offshore these two companies have gradually been relinquishing to the State major parts of their concessions, with the result that onshore ADCO retains title to only 26,000 sq km of the original concession of 78,000 sq km. Offshore the marine consortium has been relinquishing major areas (equal to 15 per cent of the remaining unproven acreage) every three years since 1966.

Several of the concessions relinquished have been re-allocated to other interests and a number of small fields have been developed offshore. Compagnie Francaise des Petroles operates the Abu Al-Bukhoosh field, which has an output of 65-70,000 b/d, while a consortium of Japanese interests, the Abu Dhabi Oil Company, is exploiting the small Mubarraz Field with a production of 20-22,000 b/d.

This summer another small discovery, the Arzanah Field operated by Amerada Hess of the U.S., should come on stream, with output building up to 50-55,000 b/d. One other small field, Al-Bunduq, is located on the median line between the Abu Dhabi Qatar offshore concessions. The field is operated by ADMA-OPCO, but all revenues are shared equally between the two States.

Individually most of the major Abu Dhabi fields now in production could achieve significantly higher levels of production, but Dr. Hamra-Krouha is determined to prevent repetition of past oil company practices of forcing maximum production from some reservoirs at the expense of jeopardising the ultimate level of recovery of oil and gas. As an example of this policy he cites the Bab onshore field, which has a production potential of 130-150,000 b/d, but which is currently producing only some 50,000 b/d. "This field was badly developed at the beginning and is therefore showing bad signs of fatigue. In the world of today oil companies are interested in not wasting a single barrel. It is criminal to develop a field with a short-term approach, thus taking the risk of not getting the maximum recovery," he says.

Dr. Hamra-Krouha maintains that as much as 6 per cent of the oil in place has already been lost because water has been injected too near the centre of the reservoir, with the result that some oil has been forced behind the water.

ADNOC is discussing a new development programme for the field with its partners, but if the consortium rejects the plan on the grounds that it is too expensive, it is likely to press ahead independently along with any of the individual companies that wish to join it.

This pattern of independent development by ADNOC has emerged strongly in recent years, as some of its international oil company partners have shied away from committing the kind of major investment required for Abu Dhabi's more ambitious schemes. At the back of their minds the oil companies are clearly aware that at any time Abu Dhabi could choose to follow the example of several other OPEC members by opting for a 100 per cent State takeover. There are no signs yet of this happening in Abu Dhabi, but the oil companies' reluctance to take on new commitments must be strengthened by the fact that the major new development projects now under way will take several years to show any return.

As a result ADNOC has been joined only by the Japan Oil Development Company in its $2.5-$3bn development of the offshore Upper Zakum field. BP and Total declined to take equity shares in the project. Onshore ADNOC is pressing ahead with the $1.6bn gas-gathering scheme without the ADCO consortium, which pulled out of the project after a disagreement over costs. Independently, however, Shell Total and Partex have taken on equity shares.

With the present output ceilings in place Abu Dhabi has considerable extra technical production capacity in hand. But Dr Hamra-Krouha stresses that this is only a theoretical capacity. To exploit it would run directly counter to the overriding policy of conservation and achievement of the maximum long-term recovery rate.

Once the Bab field is efficiently developed Abu Dhabi will have an optimum onshore production level of some 1m b/d, with an offshore capacity of 500,000 b/d. Last year it accounted for just *under 5 per cent of OPEC's total* production of about 29.9m b/d. Its reserves have been conservatively estimated at more than 306m barrels of crude oil, but they are certain to go higher as recovery techniques improve.

Abu Dhabi's production is set to rise from the present limit with the development of the major new offshore field at Upper Zakum. Present offshore production is centred on the Umm Shaif field, which last year produced 249,600 b/d, and the lower Zakum field which produced 245,929 b/d.

Development of the Upper Zakum field was started in 1977. Initial production is expected in 1981, building up to a full capacity from the first stage of development of 500,000 b/d in 1983. The field will push Abu Dhabi's total production level to about 2m b/d in the mid-1980s. Such is the size of the Upper Zakum field that it is expected ultimately to produce about 1m b/d, a level it could hold, says Dr. Hamra-Krouha, for 60-70 years. (By comparison most North Sea fields will be able to maintain peak production for less than 10 years.)

The Upper Zakum structure will not be as easy to develop as the Lower Zakum and will require water injection from the start to maintain production pressures. Most existing fields are already operating with massive water injection schemes. About 170 wells will be drilled in the first stage of development of Upper Zakum. A total of 25 were completed last year, 35 should be finished in 1979 and drilling work will probably continue into 1981.

The equity partners in the whole development are ADNOC with 88 per cent and Japan Oil Development Company with 12 per cent. An operating company, ZADCO, has been formed by these equity partners along with Total, which is giving the technical lead in the development under an industrial co-operation agreement.

Apart from Upper Zakum, Abu Dhabi has been investing

CONTINUED ON NEXT PAGE

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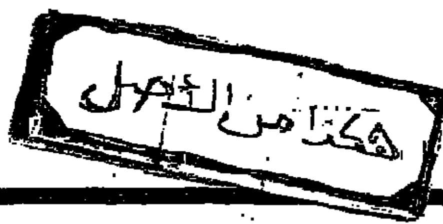

SAUDI ARABIA

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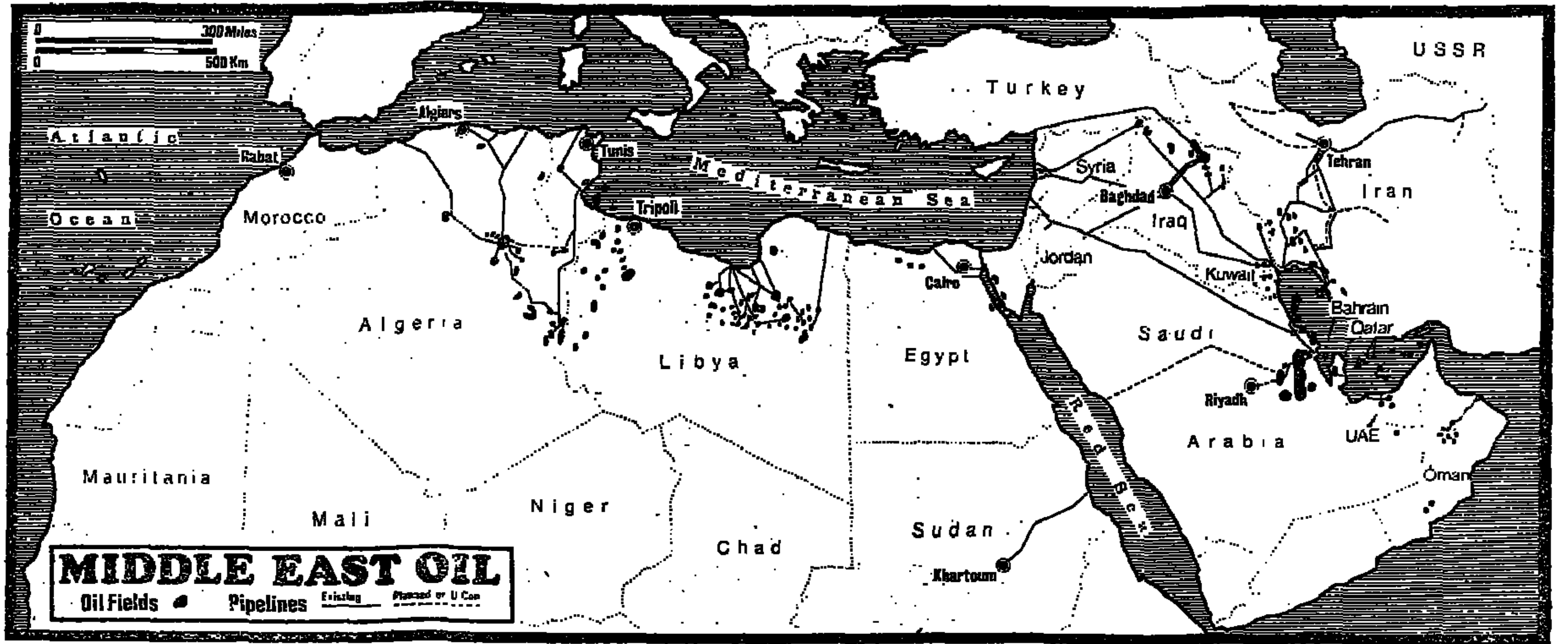

NDUSTRIALISED coun- the West and the world's ing nations will always endent on the Middle gion as their main source but their dependence on Arabia in particular will l into the next century even greater than it has er the past five years.

Arabia's exceptional derives, of course, from ession of at least one- perhaps as much as d, of the non-Communist reserves, and a margin city in hand to produce d above its own financial nents.

mers have reason for e that, since the oil xplosion of 1974-75, the has pursued a policy on enlightened self- and responsibility in ing pressures within the ation of Petroleum ng Countries to raise further, not the least llow Arab members. opments in the region stify serious speculation ow the Kingdom's atti- nay change in future. ite apart from its politi- , Saudi Arabia's actual to affect prices as the producer "—by lowering ising production in to demand—will be limited.

Arabia's fundamental nce as a source of oil in cannot be completely l because estimates of m resources cannot be t science. They depend y variables such as the hness of exploration, egrees of new recovery ues, maintenance of pressures, commer- bility of exploration and elopment of alternative of energy.

ver, at the end of 1977 di Government put the reserves in the area d by the Arabian an Oil Company at barrels. That would give s' production—until the 32—at the rate of 8.5m a day, the present out- iling. This ceiling was to 9.5m barrels during arter just ending, to ood Iran's shortfall. In , there is Saudi Arabia's f the Neutral Zone fields ing to 340,000 barrels a

l on what must be red a somewhat y compilation of other es' measured deposits, fficial Saudi figure ed to 28 per cent of the unmist world's stock per cent of the total. autiously, Aramco itself figure at 110bn barrels ved reserves" and 177bn of "probable reserves." their own reasons both vernment and Aramco have minimised their es. At least, an internal y memorandum which ne to light indicated this. in 1973, it states that reserves are "245bn barrels based on the method that is customarily accepted for determining these figures."

However, serious questions have been raised—and not yet satisfactorily answered—concerning the optimum rate of production that can be sustained from fields of the existing developed network without damaging their potential. The issue has been confused by the fact that the results of studies submitted by American partners in the Aramco operation to the U.S. Senate Foreign Relations Committee have been leaked selectively and seemingly by pro-Israeli elements anxious to play down the Kingdom's importance as a source of oil.

One study quoted has indicated that an output of 8.5m barrels a day could not be maintained beyond the year 2000 and one of 12m barrels, or almost the present rated capacity, would lead to exhaustion in 15 years.

Sobering

Among the sobering judgments reported are that daily production of 14-16bn barrels would lead to a drastic fall in six to 10 years and that the investment required to bring capacity to the upper limit would amount to no less than $25bn.

In 1972, when revenue for a barrel of Arabian Light was rather less than $1.50, Saudi Arabia was contemplating output reaching 20m barrels a day. Indeed, in that year Sheikh Ahmed Zaki Yamani, Minister of Oil, publicly proposed expanding capacity to such a level to meet future American demands in exchange for privileged access to the U.S. for Saudi investments and a more even-handed policy towards a resolution of the Arab-Israeli conflict.

A little less than two years ago the U.S. Central Intelligence Agency, in its report "The International Energy Situation: Outlook to 1985," calculated that by then Saudi Arabia would have to produce at the rate of 19-23m barrels a day if projected demand for supplies from the OPEC group of producers was to be met. The report assumed an expansion of capacity to 16m barrels which would be exhausted by that year, together with the country's "ability to act as price moderator in OPEC."

In the event experience in the first half of 1977 showed the physical limitations, and perhaps the political constraints, on Saudi Arabia's power to decide prices. That was the period of the price split in OPEC when Saudi Arabia and the United Arab Emirates limited themselves to an increase of only 5 per cent over the level decided upon by the other producers.

The Kingdom's stated strategy was to sell enough of its own cheaper oil to force down the average price increase of the other producers to below 10 per cent. This did lead to some trimming and discounts by the others.

But because of increased demand the exports of all the maximalists, with the exception of Qatar, were actually up over the same period of the previous year. Because of technical reasons (including loading difficulties at the Ras Tanura terminal because of bad weather), restrictions on the availability of light crude and the unwillingness or inability of customers to switch to other suppliers overnight, Saudi Arabia's production during those six months averaged only 9.1m barrels a day compared with a capacity rated then at 11.8m barrels a day.

Two years later that attainable limit remained notional. Last month Sheikh Yamani said: "We think that 9.5m barrels a day is a reasonable level of production on technical grounds." His statement may have reflected heightened concern and uncertainty about the ultimate recovery of oil from the fields if output were to be maintained, as well as considerations about conservation in general and relations with other members of OPEC. It implied a review of policy since last autumn when Dr. Abdul Hadi Taher, the governor of Petromin, put maximum sustainable capacity at just under 11m barrels a day.

The current expansion programme, he indicated, would raise it to a little less than 12m barrels a day but no sooner than 1981. Presumably facilities able to accommodate such an average would accommodate a peak over short periods of up to 14m barrels a day.

Yet progress with even this limited target may be slower. When the nationalisation of Aramco is completed the operating company is to be left with a margin of only 50 cents to finance investment after tax payments to the Government and deduction of service fees for the former Aramco owners, according to present plans.

Old assumptions about Saudi Arabia meeting incremental demand have been undermined. After the price explosion of 1973-74, the Kingdom produced far more oil, especially during the six-month price battle, than its own needs warranted, to the extent that by the beginning of last year it had accumulated foreign assets valued at more than $60bn.

Yet its absorptive capacity and the decline in the purchasing power of revenue during the 18-month price freeze up until the beginning of this year, have proved such that in the Kingdom's 1977-78 financial year its surplus was reduced to $10bn or less and during the current one (ending in June) it has had to draw about $3bn from its reserves.

One factor in this squeeze arose from the way in which Saudi Arabia absorbed the slack in the market before the cut-off in Iranian exports. Total daily production during the first eight months of 1978 at 7.7m barrels (including 200,000 barrels from its share of the Neutral Zone) was down 18 per cent compared with the same period of 1978. Production for the full year at 8.6m barrels a day (including 7.5m from the Neutral Zone) was 11 per cent below the level of the previous year.

From that point of view, and given its complaints about the negative return in real terms from its assets and their depreciation, the Saudi Government probably was not averse to a price rise for 1979 even if it expressed reservations about the amount of the increments set for the year by OPEC. The same possibly could be true of its decision to permit additional output of 1m barrels a day over and above the 8.5m barrels—to be paid for at last quarter prices—for each month of the first quarter.

The extra availability helped make good the shortfall of supplies from Iran. Yet even before the true measure of the crisis became apparent when Qatar and Abu Dhabi formally announced increases for their light crudes, Sheikh Yamani acknowledged that with demand and supply in balance, Saudi Arabia's price leadership had diminished. If the Kingdom decides to limit Aramco's production to the 8.5m barrels ceiling, pressure on supplies, and therefore prices, will become that much greater.

Lighter

As it is, Saudi Arabia has contributed to the demand pressure for lighter crudes. From the beginning of 1978 it has limited liftings of 34 degree API Arabian Light, the marker crude, to 65 per cent of the total. Even before the cut-off in supplies of the Iranian equivalent, the policy had its impact on the market which has not had time to make the necessary adjustments. The longer-term plan is to change the ratio to near 50:50, though it is not clear precisely when.

Exxon, Standard Oil of California, Texaco and Mobil have been most immediately affected by that requirement as the partners in Aramco in which they still formally hold a 40 per cent share.

Conclusion of the agreement under which the Saudi Government would take full ownership are still awaited even though the basic terms—backdated to the beginning of 1976—were worked out three years ago and as far as financial arrangements are concerned have been in operation since last year.

Under the new arrangement the four partners will handle the operation of the fields in the old concession area, be responsible for the future development of them and undertake further development. With the question of compensation already settled and the financial settlement completed, they are receiving a discount of 17-21 cents on each barrel of oil that they lift.

Decision

If they take less than the minimum entitlement set they will be penalised. Under an incentive scheme allocations are to rise according to commercial discoveries made—a provision that hardly seems necessary at the present time, but the question of how much oil will be available to them is obviously one question that has held up finalisation of the agreement.

Mr. Abdul-Aziz Turki, Deputy Minister of Oil, says that only two sessions of the Supreme Petroleum Council under Crown Prince Fahd are needed to make a final decision on the take-over. According to other sources, one unresolved issue is who will head the new corporate entity which is to be called the Saudi National Oil Company. Another equally critical one evidently concerns how much oil will be available to the four companies.

At one point the Saudi Government was talking in terms of 7.7m barrels a day. It is understood that up until the crisis their entitlement was 7.3m barrels which, out of the 1m barrels increase in production permitted, was raised to 8.1m. As far as the take-over agreement is concerned, however the Saudi Government has been talking more recently in terms of 7m barrels a day. Yet even at a production rate of 9.5m barrels, let alone 8,5m, it is difficult to see how such a crude entitlement could be provided.

First, about 1m barrels daily are now accounted for by the direct sales of Petromin, the existing state-owned oil corporation, which plans a considerable growth in its business: the export refinery at Ras Tanura has a capacity of 250,000 barrels that is almost fully utilised; and domestic consumption is growing, catered for by the other Petromin-owned factilies at Jeddah and Riyadh.

Second, there is the 1.5-2m barrels a day in total that the various foreign partners that have been negotiating joint ventures in refining and petrochemicals want in addition to the return on their investment for the considerable transfer of technology and capacity involved. The formula under consideration has been 100,000 b/d for every million dollars invested.

Government indecision over the conflicting claims obviously accounts for the delay in finalising both the terms of the 100 per cent state takeover of Aramco and the various industrial projects. Yet behind the prolonged uncertainty about entitlements is the bigger question that the slow Saudi decision-making process has not apparently resolved: how much oil it is willing and able to produce?

Richard Johns

NITED ARAB EMIRATES

CONTINUED FROM PREVIOUS PAGE

cessarily in recent year in es to collect the vast quan- of associated gas that in ast have been flared off. esent about 850m cubic day of gas are being from the onshore fields But in 1977 ADNOC be- implement a scheme for ing the gas from the four e fields which will lead export of large quantities pane, butane and natural om a terminal at the new rial complex of Ruweis. scheme, which is costing to develop, is a joint ven- between ADNOC, 68 per Shell 15 per cent, Total r cent and Partex 2 per Of the total investment is being raised as equity l and $1.2bn is coming in rm of a loan from the Abu Investment Authority.

ts for separating the gas eing constructed at each of our fields, and the mixture uid petroleum gas (pro- and butane) and conden- (the heavier wet gases) be transported by pipeline weis. A total of about 1bn feet a day of associated will be available for pro- g, and this should pro- 3m tonnes a year of LPG 2m tonnes a year of con- ate for export.

tial production should be- n the summer of 1980 with plants reaching full capa- by the end of 1981. No mers have yet signed de- ve contracts, but ADNOC discussion with several ible buyers, chiefly from n.

choosing only to export from the onshore gas me, Abu Dhabi has saved f the burdensome demands iquefying natural gas, the ess route it chose for oiting the offshore asso- ed gas. A $550m scheme d largely on associated gas from the Umm Shaif field came on stream in 1977, but inevitably it has faced daunting technical problems.

The gas liquefaction plants are based on Das Island, the site of the major offshore crude oil loading terminal. They are run by the Abu Dhabi Gas Liquefaction Company (ADGLC) in which ADNOC has a 51 per cent stake, along with BP 16.33 per cent, Total 8.17 per cent, Mitsui 22.05 per cent and Bridgestone Liquefied Gas 2.45 per cent.

Maintenance

The whole plant has been shut down for several weeks for maintenance, but by the middle of next month ADGLC is hoping to restore LNG production to about 90 per cent of capacity. This should be at a rate of about 1.8m tonnes a year. Production of propane and butane will be at a much lower level, however, and this has caused considerable concern for the plant's major customer, Tokyo Electric Power Company, which has suffered severely curtailed deliveries ever since the plant came on stream.

The plant was designed to produce 660,000 tonnes a year of propane and 420,000 tonnes a year of butane, but output has always been substantially lower.

At the refining end of Abu Dhabi's oil industry, ADNOC is pressing ahead with the building of a $600m refinery and export terminal at Ruweis. The refinery will have an initial capacity of 120,000 b/d, but this could well be doubled later. For the moment it has postponed plans, therefore, for expanding the small existing 15,000 b/d refinery at Umm el Nar. This was to have been increased to 45-50,000 b/d.

The new refinery, due on stream early in 1981, will meet all domestic demand for the main oil products with the balance going to export. With development proceeding so rapidly, domestic oil demand in Abu Dhabi is growing at about 25 per cent a year. The small existing refinery cannot nearly meet demand and about 50 per cent of the country's present oil product requirements are imported.

Along the Gulf coast to the east, the neighbouring emirate of Dubai, the UAE's only other oil producer of note, has not been blessed with quite such riches. Dubai produced about 362,000 b/d of oil last year, an increase of 13 per cent on 1977, but its presently known oil reserves have a far more limited time span than Abu Dhabi's, perhaps as little as 15 years. Dubai is also exploiting its associated gas production with the building of a $400m natural gas liquids plant at its ambitious new industrial town of Jebel Ali. But oil and gas production are expected to begin to decline within the next two years if no new discoveries are made.

Dubai needs extra gas supplies of about 100m cu ft a day to supply its $1.3bn aluminium smelter at Jebel Ali. Originally Dubai planned to take the gas from the nearby emirate of Umm al Qaiwain, but exploration there has proved disappointing. Dubai has turned to Oman as an alternative supplier, but for the moment little progress is being made in the talks, which have broken down on the question of price.

There is no co-ordinated federal oil and gas policy in the UAE, and Dubai has yet to turn to its better endowed neighbour Abu Dhabi in search of supplies.

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FT379

KUWAIT

Projects tailing off

THE TURMOIL in world oil markets caused by the ten-week loss of oil exports from Iran has put Kuwait in the unaccustomed position of being able to demand a special surcharge for its rather heavy crude oil. For much of last year Kuwait's main export crude was selling at a slight discount in order to persuade customers to meet minimum contract commitments, but in recent months the market—and therefore the attractiveness of Kuwait crude—has been transformed.

The three Western oil companies Gulf, British Petroleum and Shell, which lift nearly two-thirds of Kuwait's main grade of export crude, have all been fully exercising their right this winter to lift an extra 10 per cent on top of their basic contract quantities. This unexpected pressure on supplies could well push Kuwait a little above its self-imposed production limit for 31 degree API crude of 2m barrels a day (b/d).

In addition, production has been boosted by the Arabian Oil Company (AOC), a Japanese consortium and the only foreign oil company still operating in Kuwait. AOC produces oil from an offshore concession in the Neutral Zone and production, which is shared equally with Saudi Arabia, has already risen to about 400,000 b/d in order to meet increased Japanese demand. Together with its share of the small onshore production in the Neutral Zone Kuwait's total production this year is expected to average 2.4m-2.5m b/d.

This is still a far cry from the levels reached in the early 1970s. In 1972 Kuwait crude production achieved a peak of nearly 3.3m b/d, but since that early part of the decade the Kuwait Government has been following a policy of much stricter conservation. It is in favour of keeping production at a lower level in order to preserve the country's oil for as long as possible.

Kuwait's oil reserves have been estimated at about 70bn barrels, surpassing those of most major oil producers with the exception perhaps of Saudi Arabia and the USSR. At present production rates these reserves could last at least 70-80 years, and with a population estimated in 1976 at little more than 1m it is clear that the incentive is lacking for Kuwait to return to a higher level of output.

Kuwait has been in the oil business for a long time and has been able to build up a level of indigenous expertise that is still largely absent in many of the neighbouring Gulf States. Not only is it a crude oil producer of long standing; it has also developed an important refining industry and is still the biggest exporter of oil products among the Middle East OPEC States, with a capacity for processing about 555,000 b/d of crude.

The main crude oil production company is the Kuwait Oil Company, which is responsible for more than 90 per cent of Kuwait's output. KCC was first established as a joint venture in the 1930s by British Petroleum (BP) and Gulf Oil, but since the middle of this decade has been fully owned by the Kuwait Government, with the companies continuing to help to operate the facilities in return for a discount of 15 cents a barrel on their liftings of crude oil.

Gulf is the largest lifter of Kuwait's main export crude, which is fairly heavy with a 31 degree API quality. It is committed to lifting 500,000 b/d BP takes 450,000 b/d, while Shell, not one of the original concession holders, lifts another 360,000 b/d. All the contracts have some flexibility with the companies able to vary their liftings by about 10 per cent either side of the contract quantity.

During the temporary glut of crude on world oil markets in 1977 and early 1978 Kuwait actually had to drop its oil price in order to maintain its level of production. At the beginning of 1977 Kuwait 31 degree crude was priced at $12.37 a barrel, but six months later, as sales proved difficult, this price was lowered by 10 cents a barrel. The discount was sanctioned at the OPEC meeting on heavy crude pricing held little more than a year ago, when Kuwait was allowed in addition to offer an extra 30 days' credit on top of its usual 60-day credit period.

With the general increase by OPEC in December the price of Kuwait crude rose on January 1 by 5 per cent to $12.83 a barrel with the further quarterly price increases scheduled for the rest of the year the price should reach $13.99 a barrel by the last quarter. But the scramble for crude supplies in the wake of the turmoil in Iran has disguised the relative unattractiveness of Kuwait crude. As prices for marginal sales on the world spot market climbed rapidly, two producers of light crudes, Abu Dhabi and Qatar, set in motion the wave of special surcharges—since introduced by several OPEC members—by demanding a premium of up to $1.02 for their high quality crude.

Kuwait ignored the argument about the need to increase premium differentials for lighter crudes. Judging correctly that the market, stretched to find any supplies to replace Iranian production, would support surcharges on all crude production, it quickly demanded an extra $1.20 a barrel.

This move was so successful that a couple of weeks later Kuwait was able to apply the same surcharge to its share of production from the offshore Neutral Zone. This Khafji crude, which is only 28-degree API quality and therefore appreciably heavier than Kuwait export crude, has suffered in the past from being overpriced. In 1977 Kuwait's share of output slumped to only 90,000 b/d from an average of 158,000 b/d in 1976. Early last year, however, the price was brought into line with that of Saudi Arabian heavy at $12.03 a barrel and as a result production recovered to over 150,000 b/d (more than 300,000 b/d for the whole field), a rise of about 66 per cent over 1977.

AOC is now planning to raise production from the current level of 400,000 b/d to 450,000 b/d starting in November. Production of the lighter 35-degree API crude, Hout, from the same area will total an extra 50,000 b/d.

OPEC is following a long-term pricing policy of encouraging the purchase of the heavier crudes, which are more expensive to refine and therefore less attractive to buy unless the price is right. Its last pricing conference aimed at increasing the differential between light and heavy crudes, but that policy has been lost, at least temporarily, by the present scramble for any available supplies.

The other crude oil produced by Kuwait Wafra comes from the onshore area of the Neutral Zone. Production of this very heavy 24-degree API quality averaged 81,000 b/d in 1978. All the output is refined domestically in Kuwait. This production used to be handled by the only other foreign oil company operating in Kuwait, Aminoil of the U.S., but in 1977 the company was taken over by the Government after a failure to reach agreement on outstanding tax claims.

While the Wafra refinery at Mina Abdullah was out of action for maintenance earlier this year, Kuwait was even able to offer some cargoes of this very heavy crude on the spot market, such was the demand for all supplies. According to Sheikh Ali Khalifa as-Sabaj, Kuwait's Oil Minister, the level of surcharges that will be demanded for the rest of the year will be dictated very much by the market.

Sheikh Ali Khalifa expects the market to remain tight for the rest of the year. OPEC meets today in Geneva to discuss the world oil market in the light of events in Iran. The Kuwait Oil Minister, at least, is adamant that the surcharges will not be made a part of the basic OPEC price structure agreed in December.

With much of the development of its major oil fields completed several years ago, Kuwait's main investment in recent years has been directed towards making better use of its associated gas production, an activity that is common to most Middle East producers. Its past record in the use of associated gas was already better than most. About 33 per cent has been used for power generation and the desalination plants, about 25 per cent has been used by the national oil companies and 9 per cent has been re-injected into the oil fields to maintain production pressure. The rest has been flared.

In recent months, however, Kuwait has been bringing on stream a $1bn plant to produce liquefied petroleum gas (LPG) for export from much of the associated gas. The first part of the plant, which has three main processing units, was brought into production in September. The whole plant should be commissioned by the summer, when it will be handed over to KOC as the operator of the project.

The plant was designed to produce 3.6m tonnes of LPG (60 per cent propane and 40 per cent butane) a year. But the scheme was begun when Kuwait had a much higher level of crude oil production, and therefore a correspondingly higher output of associated gas. With the limit set on crude production at 2m b/d (output from the Neutral Zone is outside the ceiling), it is likely that only two-thirds of the plant, or two processing trains, will be able to operate at any one time. None the less the new plant overshadows Kuwait's much smaller existing LPG plant.

Kuwait is hoping to export most of the production to Japan and other Far East countries, and has so far signed three contracts. The first was agreed with Shell last year for the supply of 200,000 tonnes a year. This was followed by a contract with Idemitsu for 440,000 tonnes a year and with Bridgestone for 500,000 tonnes a year.

With similar massive projects coming on stream in neighbouring countries such as Abu Dhabi and Saudi Arabia, Kuwait could well find difficulties in marketing all its production in the early 1980s. Certainly to date it has had to keep its pricing policies closely in line with those of other Gulf producers rather than taking a harder stance. First quarter fob prices average $120.50 a tonne compared with $119.50 a tonne in Saudi Arabia. There is little chance of finding customers in the near future in the U.S., the world's other major LPG market, where delivered cif prices are lower than those charged by Kuwait to pick up cargoes fob in the Gulf.

Kuwait is confident, however, that its decision to build early will give it an advantage over potential rivals and the Oil Minister has claimed that fears of LPG surpluses have been greatly exaggerated. None the less the competition is beginning and Petromin, the Saudi Arabian State oil company, is believed to have signed two contracts this month to supply outlets in Europe, South America and Asia.

Ironically, if Kuwait does secure export markets for most of its LPG production, it could leave an energy gap in the domestic fuel market. Already there is an occasional shortage of gas and gas oil must be used for power generation. By 1985, with rapidly growing consumption, there could be a shortage equivalent to about 100,000 b/d of liquid fuels.

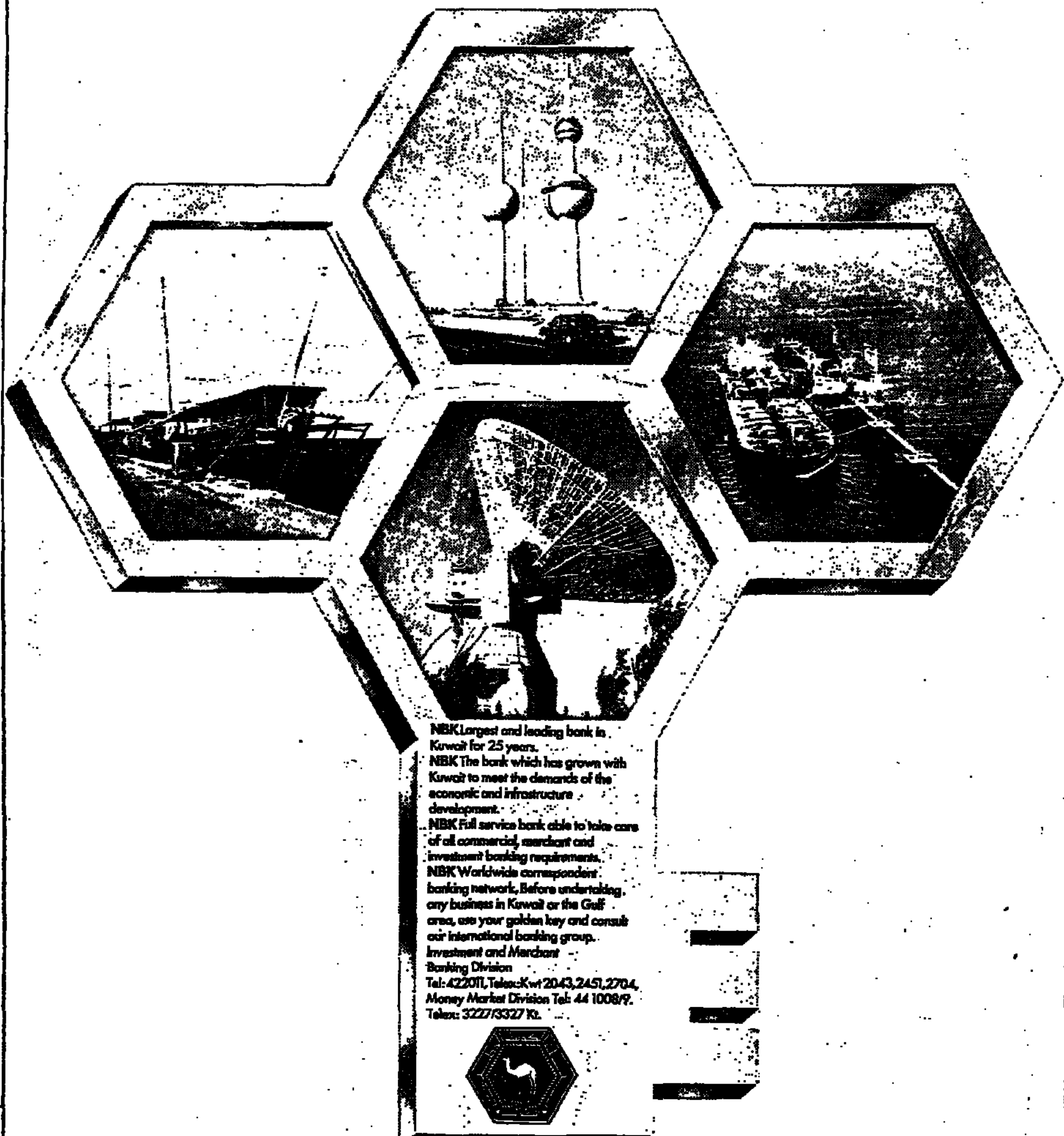
This problem is now being studied in depth by the Kuwait Government. For the long term it has embarked on an exploration programme in search of independent sources of gas, which could be located in deep rock formations below the oil fields. Last year the first deep test well that was being drilled through the giant Burgan oil field to a target depth of about 20,000 ft suffered a serious accident. There was a blow-out at about 9,000 ft when the drill-bit encountered a pocket of high pressure gas. The well had to be left to burn itself out. A second well is now being drilled with great caution and is unlikely to be completed before next year. Similar deep gas wells in other Gulf States such as Qatar, Bahrain and Abu Dhabi have already been very successful.

All Kuwait's oil products from the country's three refineries are marketed by the Kuwait National Petroleum Company. KNPC took over responsibility in the middle of last year for marketing products from the old Aminoil operation and this year it expects to sell a total of some 20m tonnes of refined products. It is pursuing a main policy line of diversifying the range of its customers in terms both of countries and companies. Nearly 45 per cent of product sales go to Asia and the Far East, with 15 per cent going to Japan alone, the biggest single buyer. Another 15 per cent goes to Europe, while important sales are also made to neighbouring Arab countries, especially in the Gulf area.

Kuwait has consistently adopted a very pragmatic approach to the development of its oil industry. Several ambitious schemes both in Kuwait and overseas appear to have been quietly shelved and with the completion of the LPG export project the country seems ready to bide its time before launching any major new schemes.

K.D.

The key to your business in the Middle East



QATAR

Diversifying the economy

OIL REVENUES account for about 95 per cent of Qatar's annual income and this year should total some $2.8bn. Qatar is one of the smaller Gulf oil producers, with output set this year by the Government's conservation policy at a ceiling of about 500,000 barrels a day (b/d). With a population of little more than 200,000, however, this scale of production and the resulting revenues has allowed the country to embark on some of the most ambitious industrial development projects in the lower Gulf in a concentrated effort to diversify its economy.

Crude oil production has been limited to a level sufficient to provide the funds for industrial development, but with output set to start a gradual decline in the second half of the 1980s, the present scale of industrialisation and the attendant demands on energy could have proved difficult to sustain. However, in recent years Qatar has discovered massive gas reserves—in particular the North West Dome field, which could hold as much as 100 trillion (million million) cubic feet—enough to provide adequate financial and energy support for industry for several decades to come.

The country's oil production comes from two main areas, one onshore at Dukhan and the other from a cluster of three main offshore fields to the east of the Qatar peninsula, Idd el Shargi, Maydan Mahzam and Bul Hanine. Crude output rose by more than 10 per cent last year to an average of 480,000 b/d. The bulk of the extra production came from the onshore Dukhan field, where a successful water injection programme was started.

But this year and next the main increase will come from the offshore fields. This boost could be the last major effort to lift the production plateau of the offshore fields, some of which have been producing since 1964. The first onshore production began in 1949 and it was only in 1972 that the Dukhan fields were overtaken by output offshore.

Exploration is continuing for oil, but major finds are not expected. However, Qatar is making a major effort to delineate exactly what reserves it possesses — estimates of recoverable oil reserves are currently placed at about 6bn barrels—and it has completed a comprehensive seismic survey. The Qatar General Petroleum Company, the State oil holding company, has been involved in a detailed programme of surveying 3,000 sq km offshore and 100 sq km onshore. In addition a careful study has been made of the Dukhan structure to define the deep-lying Khuff gas formation.

Two exploration wells were drilled in both 1977 and 1978 and this level of activity should continue this year. The majority of drilling work, however, is dedicated to development work for existing oil and gas fields and for water injection. This year a total of 32 onshore wells should be drilled along with nine offshore wells. The State oil company has now taken a direct stake in this activity with the purchase of its first offshore drilling rig.

Overall responsibility for Qatar's oil industry now lies with the Ministry of Finance and Petroleum. On a day-to day basis the affairs of the oil, gas and petrochemical industries are vested in the Qatar General Petroleum Company (QGPC). In turn this State holding company has delegated responsibility to two producing authorities, Qatar Petroleum Producing Authority Onshore Operations and QPPA Offshore Operations.

Plans for exploiting Qatar's major reserves of independent offshore gas have been frozen for the time being, as the Government feels there is no urgent need to press ahead with a project that would dwarf most of its earlier oil and gas developments. QGPC and Shell have made a preliminary study of a scheme to exploit the North West Dome field, which would aim at producing 1.2bn cu ft of LNG a day. Such a project would be enormously costly and complex for a country with a limited economy and a tiny population such as Qatar. Estimates suggest a total investment of $4bn, excluding shipping costs, by the time such a project is realised.

Far greater progress has been made with the construction of Qatar's two natural gas liquids plants, and these should both be completed over the next 18 months. Methane and ethane from these plants, which will be fed on associated gas from both the onshore and offshore oil fields, will be used for fuelling industry and power generation, while LPG products will be available for export.

The NGL 1 plant was destroyed in an explosion in 1977, but this is now being rebuilt alongside the construction of NGL 2. Together the plants will have a capacity to produce 2,300 tonnes a day of propane, 1,650 tonnes a day of butane and 1,350 tonnes a day of condensate. Another subsidiary of QGPC, the National Oil Distribution Company, is building a new 50,000 b/d refinery as part of the Umm Said industrial complex, designed to keep oil product capacity running ahead of domestic demand.

K.D.

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MIDDLE EAST OIL VII

LIBYA

Militant price tactics

longer acts as the arhead for OPEC as fore 1974. This is ause so many of its emands were met because of any real in its radicalism. rate and conservative cers have since vigorous as Colonel Gaddafi's governmanding and obtain- e rises and participa-

of furious disputes lowed the 1973-7 ions of certain come not entirely died nstance, in February American Oil Coming damages of briefly succeed in yan assets in france final agreement has ed with Occidental. the brunt of Colonel ressure on prices and n in the early 1970s. ent boom in oil prices trength of the spot however, done somecure Libya's position producer least liked or companies. beginning of April supplies to some of its major customers by up to 18 per cent, citing "force majeure" as a result of technical difficulties. Since these difficulties had not previously been mentioned, it seems more likely that the Libyans will instead sell the 175,000 barrels a day saved on the spot market.

In the slack market conditions Mr. Izzedin Mabrouk, Libya's Minister of Petroleum, said about a year ago that his Government's objective was an output of 2.2m b/d.

Mr. Izzedin Mabrouk, Libya's Minister of Petroleum, said recently that 1979 production was projected at 2.4m b/d, but it would not be possible to reach this target because of technical difficulties. He says actual production is now 2.18m b/d and exports 2.05m b/d, but it is possible that the Libyans are deliberately tightening supply to gain a tactical advantage before the OPEC consultative ministerial meeting today.

As it is, Libya's light low-sulphur crudes are now in a commanding position. In the first quarter of the year prices were raised by $0.68 a barrel and from March 3 by another $0.70. At a meeting in London with other North African producers in the middle of March it was apparently agreed to introduce a surcharge of $2.50 to $5 a barrel from April 1. As Iranian production increases prices on the spot market will presumably fall, but it is likely that Libya's position as a producer of high-quality crudes will enable it to command high prices for the forseeable future.

Influence

But the country's capacity to influence the market has been somewhat reduced since the early 1970s. Nine years ago production briefly touched 3.7m barrels a day, but last year it averaged only 1.97m barrels a day. In January last year it produced only 1.8m b/d—less than half peak production.

This cutback is in part intentional. When Colonel Gaddafi came to power in 1969 the Libyan oil field was being far too rapidly depleted. The first important oil finds were made only in 1958. Two years later BP discovered the massive Sarrir field. Close to the oil markets in Europe, and with the Suez canal closed to tankers from the Gulf after 1967, the advantages of producing in Libya were self-evident.

The independent oil companies such as the Oasis group (Marathon, Continental and Amerada Hess/Shell), Occidental, and Bunker Hunt could not find an alternative to Libyan supplies. From 1970, when the Libyans forced Occidental, Oasis and subsequently the other companies to agree to a price increase, up to October 1973, the Libyans consistently made the running in OPEC.

Complex negotiations in 1973-74 led to 51 per cent participation being agreed with Continental, Amerada Hess, Exxon, Mobil and Occidental. Libya had already firmly linked the position of the oil companies with political developments in the Arab world by nationalising BP's Libyan interests in revenge for Britain's part in Iran's seizure of islands in the Gulf in 1971. Subsequently the Amoseas group, Bunker Hunt, Shell, Texaco, California Asiatic and Atlantic Richfield were nationalised.

Since 1974 Libyan moves have been less radical. The workers' takeover of businesses has had little effect on oil. The National Oil Company (NOC), the state petroleum company, produces only 21 per cent of total production, while Oasis handles some 33 per cent and Occidental about 12 per cent. Other companies with important interests are Agip, Esso Libya and Esso Sirte and Mobil.

Output dropped steeply up to 1975, since when it has risen slowly though irregularly. NOC is keen to increase exploration, and there have been significant finds since 1974 in western Libya and off the coast of Tripolitania. *Following finds by Elf-Aquitaine*, there have been prolonged talks with Tunisia over offshore boundaries and rights.

With Libya's population only totalling some 2.3m, more revenue from oil is hardly necessary. The key problems for the economy are rather lack of local manpower and skilled workers. The net deficit in the balance of payments of $1.5bn in 1975 is unlikely to recur.

Like most other oil producers, Libya has been eager to get involved in downstream operations. Six refineries have been built since 1970 and three more are planned. At the same time there have been prolonged talks with Malta over the question of building a refinery and oil terminal on the island.

The centre of the petrochemical industry is at Mersa al-Brega where a $190m ammonia plant was opened last year. This to be followed by a urea plant. Ethylene is to be produced to provide feedstock for the Abu Kammash complex.

Given the small size of Libya, the capacity to expand downstream is evidently limited. There is therefore little financial pressure to increase the annual surplus. At the same time so much of what Libya was fighting for in the early 1970s has been achieved that it is difficult to believe that it will regain the same influence it had within OPEC in the first half of the decade.

Patrick Cockburn

ALGERIA

Prosperity from gas

ECTED production of om existing Algerian ected to reach a peak Last year it rose to . Meanwhile, exports l natural gas (LNG)) per cent to reach : metres.

exploration for oil current crude oil reres of 8bn barrels 713m barrels and 172m barrels are not expected to d significantly up-

orts have been the geria's hard currency or over a decade, but be overtaken in the by earnings from the gas, most of it to be LNG form. Gas will d through the transne Algeria's gas exty is expected to rise bn cubic metres next to 48bn in 1982-83. one of the smaller lucers of crude but erves were estimated fifth largest in the world in an exhaustive study made public last year. This report, prepared by the country's national oil company, Sonatrach and Bechtel, a major contractor for the Algerian gas industry, and entitled "The Hydrocarbons Development Plan of Algeria, Financial Projections 1976-2005," points out that the country's LNG export industry is destined to become one of the world's largest.

Proved recoverable reserves, according to D. Golyer and MacNaughton, the consultants whose figures Bechtel used, are estimated at nearly three trillion (3,000bn) cubic metres or the equivalent of five times the total U.S. annual consumption of gas. In addition, Algeria is thought to possess about 20bn *cubic metres of gas in what are* regarded as probable and possible reservoirs at the moment. Firm contracts for LNG sales now stand at close to 47.6bn cubic metres annually, with a further 11bn on the "probable" list.

If the firm and probable figures for exports through the pipeline to Italy are added, a total of 75bn cubic metres per annum is reached. As well as the Algeria to Italy pipeline, another line to Europe via Spain is being considered but even if it proves feasible, it is most unlikely to be implemented before 1986.

This year's target output of crude is 54m tons, with a further 4.5m tons of condensate. Not only will Algeria benefit from the increase in the price of crude decided by OPEC in Abu Dhabi last December, but it is reaping benefits from the general rise which has come about as the result of the situation in Iran. Sonatrach is proposing to its customers a premium of $5.15 above the OPEC benchmark crude for the second quarter of the year. The present premium, reflecting the quality of Algerian crude and its closeness to the European market, is $1.47.

Taking into account the 2.8 per cent rise in OPEC benchmark Arabian light that comes into force on April 1, Algeria is seeking a price of about $19 per barrel, compared with the present price of about $14.8. Algeria is also asking its customers to reduce their purchases of Algerian crude by up to 10 per cent from April 1.

Apart from these immediate considerations regarding the sale of crude, the country's oil development plan over the next few years includes the drilling of almost 2,000 new wells in the known oilfields. Additional pumping stations are to be built to increase pipeline capacity. A large amount of new refining capacity is to be installed in seven different sites in line with Sonatrach's intention of exporting refined products in preference to crude oil. West Germany, the U.S., Italy and Spain will continue for the forseeable future to be the main purchasers of Algerian crude.

Projects downstream of oil are numerous, allowing for the production of fertilisers, petrochemicals and plastics, but these are intended (chemical groups in the west will be relieved to learn) primarily to meet domestic requirements.

Between 1978 and 1981 Sonatrach expects to spend $1.3bn in distribution facilities for *petroleum products*, including 720 petrol stations ($398m); 12 oil distribution centres ($279m), 1,620 trucks ($125m), 7.2m butane bottles ($125m) and three product pipelines ($89m). This long list of projects illustrates the thoroughness of Algeria's thinking but also its ambitious nature.

So far cash has not been in short supply, although other problems have arisen. The commissioning of the LNG 1 gas plant ran into difficulties and the initial contractor, Chemico, was sacked to be replaced by Bechtel. The plant was opened 18 months late a year ago, but since then has caused no major problems. The building of the LNG 2 gas liquefaction plant appears to be proceeding smoothly and the commissioning of the third has recently been announced.

To meet production targets will be a mammoth task, but at Arzew at least, the main gas liquefication base, the impression foreign observers come away with is one of improved management and control. This is not always the case elsewhere, especially outside Sonatrach *plants. Algerian managers* expect delays and know they have taken a gamble on building an industrial base in a relatively short period of time. What happens in the LNG sector, however, is crucial: it is this sector that will earn the country most of its hard currency.

Sonatrach's vision has always been clear: the difficulties of implementation were foreseen but that does not always make them easier to solve. More than the quality of Sonatrach management, the pressure of social needs in the country as a whole looms large. What if pressing social needs, which have been rather neglected up to now, absorb more money than planned? When Sonatrach and other senior Algerian officials say that their concern is with issues of the present and difficulties to be overcome today but that their emphasis is on the future, they are not simply displaying an unsurprising fondness for French style formulae. The smile on their faces simply tells what a hard fight they are having. But they still expect to win.

Francis Ghiles

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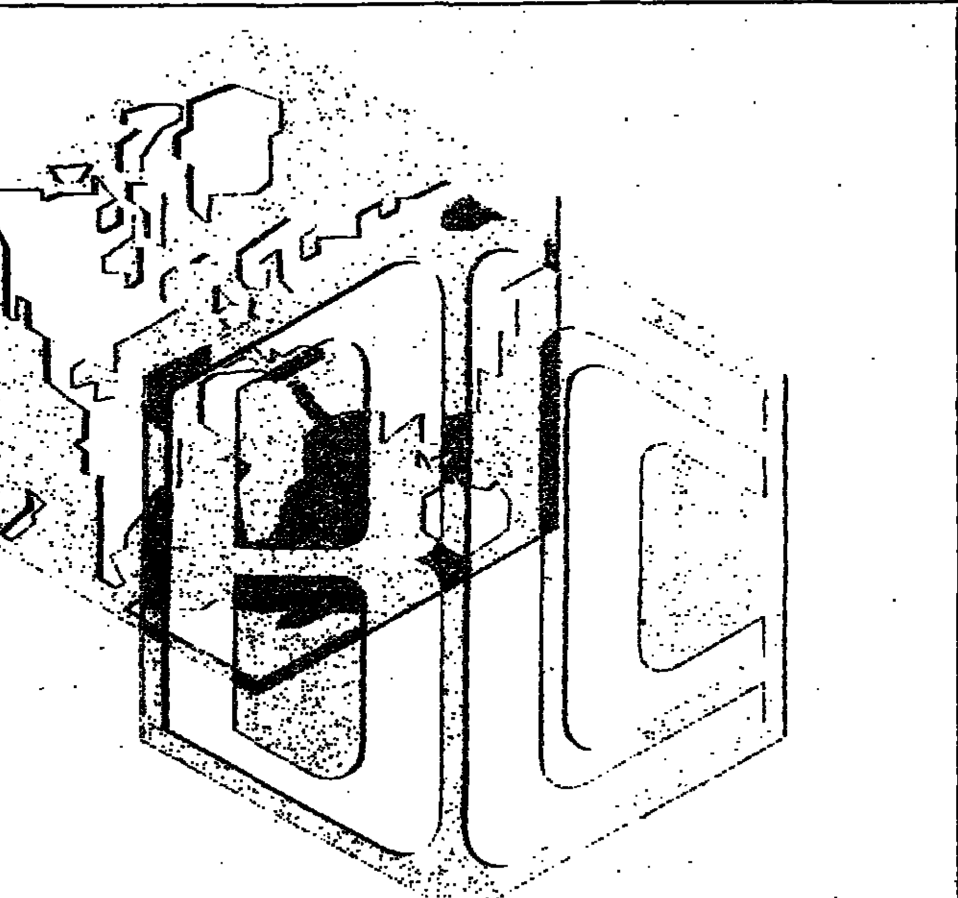

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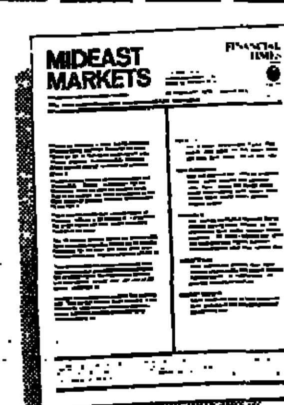

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MIDDLE EAST OIL VIII

THE SMALLER PRODUCERS

The hunt for reserves

LAST YEAR the non-OPEC countries of the Middle East produced about 58m tons of oil—an average rate of about 1.2m barrels per day. It was divided unevenly between five Arab states—Egypt, Oman, Syria, Tunisia and Bahrain, and was totally dwarfed by the enormous output of the region's OPEC states—which came to just over 1bn tons at an average of 20.5m barrels per day.

Yet, quite apart from the major contribution oil made to the economies of these poorer states, the fact that they are oil producers means that only a minority of the 22 members of the Arab League have not yet discovered oil in commercial quantities.

The two most important non-OPEC Middle East producers are Egypt and Oman. Egypt produced 25m tons last year against less than 16m for Oman, but its net foreign exchange earnings of $406.4m were less than a third of Oman's $1.5bn-odd because of Egypt's far bigger domestic consumption *and the fact that it still has to* import some grades of crude.

In terms of proven reserves published at the beginning of last year Oman's 5.7bn barrels was more than twice Egypt's 2.5bn. After Egypt and Oman the league table of small producers has Syria in third place, Tunisia fourth and Bahrain last.

Last year Egypt exported about $501.8m-worth of oil (an increase of 22 per cent over 1977); it imported $95.4m (a drop of 7 per cent from the previous year); and registered an oil trade surplus of $406.4m, a 32 per cent increase on 1977.

But in fact nearly half of Egypt's oil output—about 12m tons—was delivered to the country's six refineries, and the greater part of their output (about 9.4m tons) was consumed at home. Therefore Egypt's oil industry is an important foreign exchange saver in a country with chronic balance of payments problems.

Egypt's rise to its current output position was not smooth, however. In 1967 the Abu Rudeis oilfields in Sinai were lost to Israel. Higher production from the Morgan field in the Gulf of Suez countered this but, after production had climbed back to 16m tons a year in 1971, pressure in the Morgan field dropped and production was down to 7.6m tons in 1974.

However, development of the July and the Ramadan fields, and the return in 1975 of Abu Rudeis, set Egypt on its present upward production path. Output in 1976 was 16.7m tons (when Egypt became a net exporter), and 20.9m in 1977.

Because of the good relationship that has developed between the Ministry of Petroleum and the oil companies, a high rate of investment in exploration and development has been achieved with total investment in 1978 of $382m (about two thirds of it by foreign oil companies)—two-and-a-half times the 1977 figure. Production is thought likely to reach about 32m tons this year (though 35m tons has been mentioned as a target).

Production of the magic 1m barrels a day (50m tons a year) is officially thought likely to be achieved in 1982, but much *depends on the success or otherwise of the Israel-Egypt treaty.* Though the daily production capacity which Israel would hand back to Egypt is relatively small (about 30,000 barrels at present) the Israeli pullback in Sinai would free areas on the western side of the Gulf of Suez for exploration by companies involved in Egypt.

Anticipating the return of Sinai, Egypt granted BP exploration rights last autumn in an area currently occupied by Israel, but in January this year a company operating in Israel announced that it was to start *drilling there itself.*

The main producing company in Egypt is Gulf of Suez Petroleum Company (GUPCO), a joint venture between Amoco and the State's Egyptian Petroleum Company, and responsible for about 75 per cent of production. Companies recover their exploration and other costs only if oil is found in commercial quantities.

An agreement in principle has been signed between EGPC and Montedison for a petro-chemical plant at Alexandria but finance is still a problem. Meanwhile, refining capacity is being increased to 16.5m tons a year and export of products should reach 3.5m tons in 1980.

While Egypt's oil prospects seem to be improving, the future of Oman as an oil producer has become a little less sombre lately. Oil first came on stream in 1967 and in 1970 the deposition of old Sultan Said finally allowed the country to begin the long process of development out of medieval squalor. Expenditure soared, boosted by the 1973-74 oil price rise, but the Government overspent, and oil production, never high by Middle East standards, was realised to be peaking.

Peak

In fact, the peak was reached in December 1975 at 386,000 barrels a day, and annual average production since has been 365,000 in 1976, 330,000 in 1977 and 314,000 in 1978. The decline, due to falling well pressure and exhaustion of reserves in the northern part of the country, is due to reach 219,000 barrels by 1981, according to the oil company, Petroleum Development (Oman).

However, that assessment is based on relatively pessimistic forecasts by Petrol Development, assuming that no increase in production follows the intensive secondary recovery programme now being implemented. Major results from the programme are not expected before the end of the decade. But an increasingly hopeful view is being taken of discoveries that have been made far to the south of the existing fields in Dhofar province and which are not included in the forecast.

The first two fields, Marmul and Amal, contained very viscous heavy crude with a high sulphur content, and the area was not expected to produce more than 30,000 barrels a day of this unappealing brew. However, two further fields—Qaharir and Birba—contained lighter crude which, blended with the very heavy oil, would make the Dhofar development more economic and raise projected daily output to 60,000 barrels by 1981-82. Recently, two further discoveries in the area were announced.

This suggests that the decline in Oman's output will be less steep than had been thought previously and may be arrested altogether. Indeed, if the secondary recovery programme works successfully and exploration *successes continue at their* present rate then production could rise again. However, Shell, which owns 34 per cent of Petroleum Development (the state has 60 per cent and the rest is held by CFP (4 per cent) and Partex (2 per cent), does not believe that there will be any more major finds in Oman (and the recent discoveries cannot be called major).

Five groups are exploring elsewhere in the country and one group has discovered condensates offshore in the Straits of Hormuz. Another, Quintana International and Gulf Oil, has found gas reserves near the Abu Dhabi border and the possibility of exporting it to Dubai for use in the aluminium smelter there has been discussed.

A gas pipeline to the coast was completed last year. The projected flow is 100m cubic metres per day, and half of it is to be used in power generation at Ghubra. It is not yet clear how the rest of the gas will be used, though part of it is almost certainly to be consumed by the copper smelter being built up the coast at Sohar.

The pattern of Syria's oil industry is more akin to Egypt's than that of Oman. Like Egypt, Syria has a large domestic demand for petroleum products and a reasonably big refining capacity. It also has to import substantial quantities of crude.

However, unlike Egypt's crude, Syrian crude is heavy, and production capacity is lower, while the development of Syria's oil industry has been hampered until recently by the government's poor relations with foreign oil companies.

Though figures for Syrian production vary, the Middle East Economic Survey quotes an output of 174,000 barrels a day for 1977 and 169,000 for the first four months of 1978. Most of the production is concentrated in the panhandle of Syrian territory that projects towards northern Iraq, where the main field is Suwaidiyah, which accounts for about 90 per cent of Syria's production. The Jubaissah field, near Hasake, is further west, and produces 40 API light crude, but all the other fields are at the other end of the spectrum at 21-25 API.

Because the bulk of Syrian crude is so heavy most domestic consumption, which in 1977 was 112,000 barrels a day, is met from imports of crude and products. Until 1976, when Syria tried to impose a four-fold increase in oil pipeline transit fees, much of the import demand was met by Iraq. But Iraq decided to cut supplies and for the past two years or so most crude imports have been provided by Saudi Arabia.

With the recent restoration of Iraqi crude transit following the establishment of better relations with Iraq, it seems likely that Iraq will again meet much of Syria's domestic needs. The Homs refinery has a theoretical daily capacity of 104,000 barrels and a new *Romanian-built* refinery at Banias is due to begin production this year, adding a further 120,000 barrels a day capacity and making Syria more or less self-sufficient in refined products, though it will not, of course, alter the need to import crude.

Syrian reserves are currently estimated at about 250m tons and production policy is aimed at balancing output against the country's development needs, while taking into account conservation requirements. Domestic demand is estimated to reach 156,000 barrels a day next year and a figure of 256,000 barrels is projected for 1985, which suggests that for Syria to keep a surplus on its oil trade account it will have to increase production.

Proved reserves will enable Syria to produce only about 200,000 barrels a day for the rest of the century so more discoveries are needed. This has meant rethinking Syria's attitude to foreign oil companies.

The first Syrian oilfields were discovered by foreign companies in the 1950s but Syria then started a wave of nationalisations and pressed on with oil development with Soviet assistance, beginning production only in 1968.

Structure

The oil industry's structure was altered in 1973. While the Syrian Petroleum Company has since made some discoveries with Soviet assistance in north-west Syria, adding a possible 50m tons to the country's reserves, it was realised that to keep exploration activity going at a reasonable rate Syria would have to bring in more outsiders. Rompetrol, a Romanian company, came in but an offering of 12 exploration *blocks in 1975 effectively found* no takers.

More flexible terms introduced in 1976 have brought in two Shell subsidiaries, and a majority U.S. company, Samoco, is also involved.

Syria is also working on the exploitation of its gas reserves, put at 50bn cubic metres. A Japanese group is installing a gathering and recovery system in the Suwaidiyah area and an LPG plant has been considered.

Oil is Tunisia's leading export but despite the fact that its two neighbours, Libya and Algeria, *are major producers, this* Maghreb country has been less fortunate. In 1977 Tunisia produced 5m tons of oil—about 100,000 barrels a day. Oil was first found in 1964 by a subsidiary of ENI, in the El Borma field. Production reached 3.8m tons in 1972, but pressure then dropped and by 1975 production was down to 1.7m tons.

A second field, the Ashtart offshore field, started producing in late 1973 and soon was making up for the fall in El Borma's output, producing 45,000 barrels a day in 1977. A third field, named Isis, is expected to produce 30,000-40,000 barrels a day and agreement was reached last year between CFP and the Tunisian Government to put it into operation.

However, the field lies in waters whose demarcation is currently in dispute with Libya at the International Court of Justice at The Hague. There is a widespread belief that the resources of this part of the Gulf of Gabes are substantial, but until their ownership is proved there can be no major investment in them.

Tunisia imports more than 1m tons a year of heavier crude for its refinery at Bizerta, and it also imports some products. Plans for a second refinery are still shelved but there are plans to expand the Bizerta refinery.

Tunisia's reserves of natural gas are thought to be sufficient to meet local needs for the next 20 years. The Government has 50 per cent participation in all fields except one small one. Several companies are prospecting in Tunisia: last year Tunisia signed agreements with U.S.-Shell and Buttes Gas and Oil.

Morocco has one or two tiny fields which yielded a mere 20,000 tons in 1975. However, a considerable amount of exploration work is going on both in Morocco and in the Moroccan sector of Western Sahara, *while* Occidental of the U.S. has made a preliminary agreement which includes exploiting the shale oil deposits in the southern part of the country.

Jordan has been seeking oil fruitlessly for 30 years and the last of seven exploration and production-sharing agreements ran out last year. Now the Jordanian Natural Resources Authority has started a nation-wide survey programme which is thought to be the most detailed the country has ever attempted.

A French company *is also* making a survey and the results of all surveys will be offered to international oil companies later this year. If there are no takers the Government plans to go ahead with its own test drilling programme.

Several companies are exploring for oil in North Yemen and there have been reports of discoveries, though there has been no confirmation of their being in commercial quantities. South Yemen has signed exploration agreement with Soviet and East German concerns, while from the West a Canadian company, Agip and Siebens have concessions.

Last year the word went round the Arab world that Sudan had made discoveries that would soon put it on a par with Saudi Arabia as an oil producer. In fact Chevron had discovered oil shows in the fairly early stages of a drilling programme deep in the swamps of the south-west of the country. Drilling is continuing and hopes of a major discovery are still high.

Bahrain is one of the oldest oil producers in the Middle East—the first exports began in 1934—but it has only limited reserves. As a result it was the first Gulf oil state to have to face the prospect of dwindling output, with production possibly running out before the end of the century.

The island has never been a big producer. Output from its onshore fields totalled an average of only 55,300 barrels a day last year, a drop of 5 per cent on 1977, but crude oil has been the lynch-pin of Bahrain's economy since the 1930s, when the fortunes of its pearling industry reached the nadir.

Bahrain was the first country in the lower Gulf to start building a wider industrial base, but the presence of the 255,000 barrels a day refinery—operated by the Bahrain Petroleum Company, a subsidiary of the U.S. company Caltex—along with the discovery of significant reserves of gas, ensure that hydrocarbons will support the economy strongly for many years.

With the exception of the refining company, Bahrain's Government is in the process of carrying out a 100 per cent takeover of the country's oil industry, with the resulting interest being vested in the state-owned Bahrain National Oil Company, which was set up in 1976.

Despite dwindling oil reserves, the National Oil Company quickly embarked on a scheme to conserve associated gas produced along with the crude. The $100m project is similar to the much larger gas recovery projects in neighbouring states such as Kuwait, Abu Dhabi and Saudi Arabia.

Feasibility work on the natural gas liquids plants, which will produce 75,000 tonnes a year of propane, 80,000 tonnes a year of butane and 125,000 tonnes a year of condensate, started only in mid-1977. But construction is ahead of schedule and mechanical completion is expected by October.

The state's estimated revenues from the oil industry are expected to reach about $418.5m in the current fiscal year.

With limited exploration prospects, the state oil company is now concentrating its attention on improving recovery techniques from the existing fields.

Estimated recoverable reserves remaining in Bahrain are now *down to about 300m* barrels, but this is with a conservative recovery rate.

Though oil production is in decline, Bahrain can at least look to its reserves of non-associated gas as a more long-term support to the economy. Gas reserves totalling about 10 trillion cubic feet have been found in the deep Khuff rock formation, several thousand feet below the oil fields, and production is already averaging about 360m cubic feet a day.

Another gas exploration is being drilled to test formations *even deeper than the Khuff rock.* The well, likely to go to 16-17,000 feet, is now nearing this target depth and has given some promising indications of a further discovery.

James Buxton

IRAQ

Upward production curve

WHEN STRIKES spread across the Kuzhestan oilfields of Iran, choking oil supplies, Iraq became the world's largest oil exporter after Saudi Arabia. Production surged briefly to 3.2m barrels a day though the country's sustainable capacity remains unclear.

With the return of Iranian oil Iraq will slip back into third place. How long it will stay there depends on Iran's new levels of production, but before the current crisis the Iraq National Oil Company (INOC) planned to raise production to at least 3.5m barrels a day by 1980. However, this figure could well be surpassed by the end of next year.

The real potential of Iraq, though large, is still unclear because of lack of exploration in the past. But potential reserves are believed to be about 95bn barrels compared to proven reserves of only about 34bn barrels.

Certainly, there is no pressing need for more oil revenue, which was running at $9.4bn in 1977 and probably did not increase significantly in 1978. This year it will be over $10bn. The capacity of the economy to absorb more development funds is limited by a series of infrastructure bottlenecks, above all by the lack of skilled manpower. Important new industrial projects have been cut back since the end of 1975 and the current priority is to complete those already under construction.

The direction of government planning *in the Iraqi Oil Ministry* has always been extremely secretive. Figures, even when issued, are frequently vague and outdated. This secrecy has been normal in Baghdad since the ruling Baath Party took power in 1968.

In the 1950s and 1960s disputes between the Iraq Petroleum Company (IPC) group and the governments of the day grew in seriousness. IPC was continually accused of keeping exploration, and therefore production, of Iraqi crude low because the consortium had sufficient oil supplies in Saudi Arabia, Iran and further south in the Gulf.

This argument culminated in nationalisation of IPC in 1972. The Basrah Petroleum Company (BPC) running the large Rumailah and Zubair fields in the south of the country, were completely nationalised in 1975. A settlement of this final move was reached only on March 9 this year when BPC (BP, CFP, Exxon, Mobil and Partex) paid $110m to the Iraqis to end all claims.

Immediately after nationalisation the Iraqis received help from the Soviet Union and the French oil companies to develop new fields. But an increasing amount of the work is being done by INOC as its organisation becomes more sophisticated.

Production has increased *from 1.4m barrels a day in 1972* to 3.1m in January this year. The Soviet Union helped to develop the North Rumailah field while the French, Brazilians and Indians had exploration contracts. The main area for new exploration is in the south. It is believed that potential reserves in the north around the Kirkuk fields total 15bn barrels while in the south there could be as much as 80bn barrels.

But in the immediate future—up to 1980 — a large part of increased production will come from Kirkuk, where production is expected to rise from 1.4m to 1.8m barrels a day, and the smaller Bai Hassau and Jambour fields. The largest fields in the south are Rumailah and Zubair to the west of Basra. At North Rumailah, production was boosted to 340,000 barrels a day in 1976.

The discoveries have been to the east and north of Basra close to the Iranian border. The French Elf-Aquitaine company discovered and initially developed the Bazurgan and Abu Ghraib fields. But together with Japanese interests they found the cost of developing the fields too high and since 1977 they have come under the control of INOC's general organisation for oil and gas production in the south. The Indian Oil and Natural Gas Commission also pulled out after *some minor exploration.*

The Brazilian interest has been more significant and its state oil company, Petrobras, is continuing its exploration programme. Having discovered the Majnoon field on Iran's border Petrobras put its potential at 350,000 barrels a day. This looked optimistic but the Brazilians claimed subsequently that its eventual output could be 500,000 barrels a day.

Markets

Brazil's interest in Iraq is based partly on its position as Iraq's third largest customer. The Iraqis have long been keen to ensure that they have substantial and diversified long-term markets.

The members of the IPC group—Mobil, Shell, CFP and BP—all have long-term contracts while agreements have also been reached with Amoco, Elf and Gulf. But the Iraqis have also been eager to increase government-to-government deals. They persistently emphasise to their two major suppliers of imports, West Germany and Japan, that they should try to increase the amount of crude they take from Iraq.

Last year they even started an embargo of West Germany which was the biggest exporter to Iraq, but bought little oil. The German Government argued that it had little influence on where its oil companies purchased crude and the companies wanted lighter crudes than they were likely to obtain in Iraq.

The Iran crisis has meant that the previous Iraqi strategy is now hardly necessary. At the beginning of the year the French Government asked for and got another 100,000 barrels a day on top of the 400,000 already going to CFP and Elf Aquitaine.

But the Iraqis have reached a series of agreements with the smaller European states such as Yugoslavia, Greece, Austria, Sweden and Finland to supply oil. They are also likely to sell more to India, which has been badly hit by the cut-off of Iranian crude. The Japanese were initially eager after 1973 to increase their oil purchases, but later found that they did not need the heavier crudes from Iraq which Japanese refineries find difficult to cope with.

On prices Iraq has always been a leading but somewhat wayward hawk. For the last three years Tayeh Abdel Karim the Oil Minister, has vigorously attacked the West for selling goods at inflated prices while paying for oil in deflated dollars. But since 1973 Iraq has tended to go its own way. In 1975 it increased production by 21 per cent over the previous year by price shaving. This was ended at the Bali OPEC meeting, where Saudi Arabia and Kuwait apparently were agreeably to helping the INOC to increase sales.

In any case, Iraq's production was reduced when the trans-Syrian pipeline was closed after a prolonged dispute in April 1976.

INOC's reaction to the Iranian crisis has been more subdued than might have been supposed. About 500,000 barrels a day, mostly from increased production, have been going on to the spot market at very high prices. At the beginning of this month Mr. Abdel Karim said, surprisingly, that along with Saudi Arabia, Iraq would not put a surcharge on its oil. But this was contradicted almost immediately by a reported increase of $1.20 a barrel applicable from March 1.

Iraq is well placed to sell oil in the Gulf or the Mediterranean. In the past five years the Government has invested heavily in new pipelines. By late 1975 Saipem of Italy had completed a pipeline from Kirkuk to Fao on the Gulf which took oil previously pumped through Syria. Mannesmann built another alternative to the Syrian pipeline from Kirkuk to Dortyol on Turkey's Mediterranean coast.

The latter 1,005-kilometre pipe has faced a series of problems. The Turks were to get a proportion of the throughput but persistently have been unable to pay for it. At the same time the glut of tankers means that the price advantage of selling crude in the Mediterranean was hardly more attractive than the prices in the Gulf.

But with the trans-Syrian Kirkuk to Banias line recently re-opened as a result of the entente between Baghdad and Damascus, Iraq now has two Mediterranean outlets. It is not clear what compromise has been reached on the long-running dispute over transit tariffs and cheap oil for Syria's Banias refinery.

Domestic use of oil and gas is only slowly developing. The Czechs have recently won a contract to build a new refinery at Baiji, between Baghdad and Mosul. About 85 per cent of Iraqi gas is still flared but major contracts for gas gathering in the north and south are to be awarded, while gas will be used as feedstock in a series of new industries.

The most important of these are at Khor al Zubair near Basra, where Mitsubishi is building a urea plant, and Lummus-Thyssen is constructing a major petrochemical plant.

Patrick Cockburn

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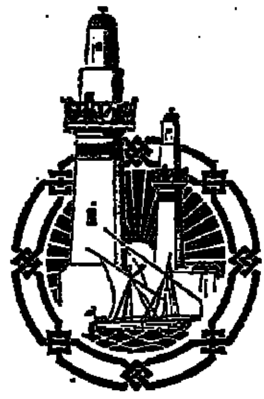

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Farmer - the growing force in engineering construction

Brazil: a miracle no more

BY HUGH O'SHAUGHNESSY recently in Brasilia

ENDING the marble ramp e ultra modern Planalto ential Palace in Brasilia arch 15 between a double of white uniformed dra- bearing lances, General Baptista de Oliveira ireido, proclaimed presi- an hour before, bade fare- o his predecessor General o Geisel. As the fifth il to rule Brazil since the y coup of 1964, General redo will need all the support that solemn cere- l and monumental stic architecture can pro- f he is to survive his six term. The outlook for normous country of 120m has never looked more led since the armed forces ver.

ne economics sphere there een a growing realisation ne "Brazilian miracle" has itself out leaving many ians, perhaps even a ity, with lower purchasing than they had in 1964 ith wealth concentrated in hands. At the same time on, having once been ed nearly to single figures, ay bounding back past 40 nt a year.

s for a remodelling of y have been taken up with sing ardour by the lic Church, the one al institution not to have purged by the military 1964. The depth of dis- nt was never more vividly ated than last week when 0 workers in heavy in- in Sao Paulo defied a ban ikes and stopped work for per cent wage increase, hrowing down the gauntlet e Government during the hours of the presidential over.

course of future events azil is of more than local st if only because the fate e $42bn that the country the rest of the world hangs on decisions which General Figueiredo and his colleagues will take in the next few years.

Since 1964 the Brazilian military have ruled with a rod of iron, banning and exiling those politicians they disliked and crushing the guerrillas who challenged them in the late 1960s. Though they maintained a Congress it has so far been a powerless thing which the soldiers have run with the aid of two parties which they themselves created.

The late 1960s and early 1970s saw years of very rapid growth when the GNP rose by more than 10 per cent a year, inflation was contained and the world marvelled at a "Brazilian miracle" which the presidents of the day were not slow in proclaiming a model for other countries. Today, however, the period of fast growth has ended and the political scheme of things is showing signs of collapse.

Politically the country has grown tired of what was until recently an insubstantial shadow play between the two political parties, Arena, the group of civilian politicians who act as a conveyor belt for the Government's decisions, and the MDB or Brazilian Democratic Movement, which has been expected to play the role of a loyal and uncomplaining opposition and which for a long time did so.

There is a feeling now that the military have shown themselves to have no magic solutions to the country's problems and to have been, at worst, at least as corrupt as, and undoubtedly more oppressive than, any civilian government to have ruled the country this century. For their part the military—except, that is, for a small but important group which wants to grasp and use the rod of iron even more fiercely—feel that enough is enough and it is time to quit before they become even more unpopular. Sensing the mood of the country, General Geisel and General Figueiredo have promised more democracy.

"We have our ayatollas here," one newspaper editor remarked to me last week, "they are the priests in the slums and in the poor country districts which have seen little benefit from the growth in national wealth."

If domestic issues are beginning to look tumultuous the external situation of Brazil is also being hotly debated. As a country which has to import four-fifths of its oil supplies and which during the 1960s and early 1970s made the development of road transport and the construction of ambitious highways to the farthest corner of the country symbols of this development, Brazil has been hit extremely hard by the rise in the world price of oil. The soaring cost of oil has neutralised the effects of Brazil's intense efforts to develop its export markets and the large measure of success it has had in pushing up the quantity of manufactures and processed goods it sends abroad. At the same time the erection of barriers to imports has not helped to achieve any appreciable trade surplus and has drawn criticism from the EEC and U.S. and other major trade partners.

Brazil's bad human rights record has also made relations with President Carter more strained than they might have been. Meanwhile the cost of servicing Brazil's public and private foreign debt grows steadily more burdensome. Brazil will be lucky this year if it escapes with paying less than two-thirds of its export income on debt servicing. The conscious policy of previous military presidents to run up a big debt with the West in order the better to bind Brazil into major financial centres of the Western world has certainly succeeded. But it has also had the political effect of upsetting the sensibilities of military and civilian nationalists who dislike the sight of their country so deeply in debt to Wall Street and Europe, and who fear that the need to stimulate the inflow of foreign capital will prompt the Government to relax the rules under which foreign investors are allowed to buy control of Brazilian businesses.

In his inaugural speech 11 days ago, General Figueiredo gave a number of clues about how he intends to tackle all these problems. Political liberalisation would continue, he said. Priority would be given to agriculture and Brazil, while trying to balance its external accounts, would try to depend more on domestic resources and less on foreign borrowing for financing its development.

Political liberalisation and the granting of permissions to found new parties could in fact work to the military's advantage as it would split the fissiparous MDB more than it would splinter Arena. The Figueiredo Government could thereby improve its image and at the same time reap the benefits of dividing the opposition. In the longer term however, it would doubtless have to pay the price of allowing free rein to radical and socialist ideologies.

An intense debate is going on within the MDB whether to accept the splitting of the movement into its different political components, or to try to maintain a united front. In the latter event the party could benefit from the popular support it has gained over the past year or so and try to gain power one day in the real elections that the military have promised. MDB leaders are making contingency plans for both scenarios and strong links have been made by some of them with the social democratic parties of Western Europe.

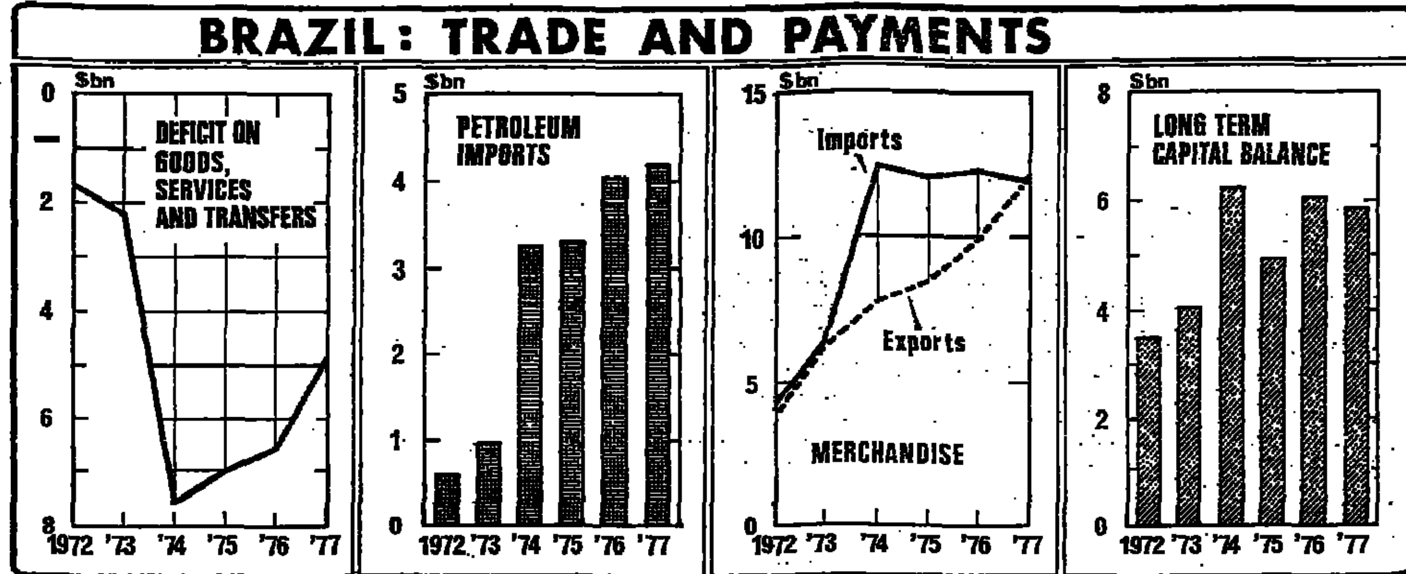
By placing more emphasis on agriculture and appointing to the agriculture portfolio Prof. Antonio Delfim Netto, one of the best known ideologues of the "Brazilian miracle" and most recently ambassador in Paris, the military hopes to reap multiple benefits. These would include the ability to push up domestic production without so much need for costly imported capital goods, the provision of more plentiful and cheaper food for a population which is not by and large well nourished, and the creation of labour intensive activities in the countryside at the time when the prospects of creating jobs for the growing workforce in the factories of Brazil's overcrowded cities are fading.

The new emphasis on mobilising domestic resources has the double advantage of helping to calm the fears of lenders abroad and nationalist critics at home who feel that the country has already borrowed more from foreigners than it should have borrowed.

There are those who think General Figueiredo can pull off such a strategy and hand over to democratically elected civilian successors in 1985. There are others, including some generals, who have, however, publicly doubted it. General Hugo Abreu, a former close aide of General Geisel, said a few weeks ago that General Figueiredo would never be able to finish his term. Though it is too early to come to a definitive conclusion it appears that General Figueiredo, a cavalry officer who rose to prominence as an architect of Brazil's secret service, lacks the political subtlety and the charisma that various previous military presidents displayed to varying degrees.

It is clear to most people that the new president is facing challenges on the political, labour and economic fronts which would test the most experienced leader. Some observers speculate that General Figueiredo may call a Constituent Assembly and turn the Government over to the civilians before 1985. Others say he will have to reverse the moves towards democracy and rule in a more authoritarian fashion. Yet others say that a new generation of nationalist army officers, taking a populist line and seeking to base the country's growth on the strengthening of the domestic market and a redistribution of income will make a takeover bid.

All are agreed, however, that it will take a great deal of good luck and judgment for the new president to defeat the challenges which face him.



President Figueiredo: his charisma is questioned

Letters to the Editor

he Bar and e Bench

Lord Goodman CH

—Your legal correspon- s prêcis (March 22) of my nce to the Royal Commis- on Legal Services—skilful was—might nevertheless e an impression that the ntation of my arguments fused profession involved paragement of the Bar and ench. May I make it clear this is certainly not the

the 45 odd years in which e been associated with the profession I have had ngs with a great number rristers. Almost univer- they have been men of intelligence and efficiency without exception men of ity. Moreover, where alisation is concerned, my ngs with specialists in sub- such as income tax, com- law, copyright etc. have aded me that those prac- in these fields have great tise and great competence magination.

e point I made was a e one—that there were enough of them to serve ommunal need and that in of these areas it was sary for solicitors to rely eir own devices. It would gracious not to record my that any success achieved firm of solicitors owes a deal to its wise or fortu- choice of suitable counsel. ither the Bar nor the h requires any commenda- from me but so far as the h is concerned it suffices to that, in the course of my ence, I did not regard it as me or excessive to use the ls "an absolutely superb iary." The point that I making about judges was ly that they were drawn too limited a field.

e views I expressed to the l Commission I have been essing almost from the first that I joined the profession I have never given them ic utterance without asso- ng them with a tribute of kind to Bench and Bar and ed to solicitors. My cism is directed at the em and not at its practi- ers.

e précis could convey the ression—and indeed my ence might do so—that I eved that the solution of all e union problems was the rm of the legal profession. indeed would be great sense. But my views on this ter are inspired and ured by my recollection of vehement battle for Press dom in an attempt to avoid imposition of a closed shop journalists.

t remains my belief that the temptuous ease with which e unions could decline to igate the evils of a closed p by permitting resort to Courts for a person expelled excluded would not have n the case if the reforms I e advocated had been intro- ed. But this is my viewpoint others may well disagree. is a point there is no means establishing.

odman.
iversity College,
ford.

Criticisms of barristers

om Mr. C. McOustra.

Sir,—A. H. Hermann, your gal Correspondent reports (March 22) Lord Goodman's strongly-worded criticisms of barristers in Britain: "When a large important body of serious-minded people like trade unionists openly express their determination not to allow important matters to be adjudicated by the Courts, this . . . can only be regarded as a total failure of the legal profession."

Mr. Hermann suggests that the problem is more fundamental, and that once permissiveness reaches the point that anything done by a certain individual or group is allowed, that is the end of the rule of law. Mr. Hermann may have a point, too. As a barrister who has practised both in the Courts and in British industry, it is Lord Goodman with whom I must certainly agree.

In Britain, the citizen—whether trade unionist or businessman—does not regard the lawyer as his natural champion and helper, as every lawyer ought to be. I also have to agree that the blame is largely upon us lawyers.

For generations in this country, too many of us have sat, superior, in our offices or chambers, waiting to be consulted or briefed, often only in traditional fields of law, instead of going out to meet and work with our fellow citizens in their workplaces, giving them good service in new ways and in the newer matters of concern to them. The law concerning employment and industrial relations is an example. Business and tax law (correctly cited by Lord Goodman) are further examples.

As a result, our fellow citizens have turned to others, or have turned from the law altogether. Only in a country in which lawyers have failed their fellow citizens badly, for a long time, could one find an aversion to the law from both businessmen and trade unionists. Only in such a country could one ever have found legal representation banned, by Act of Parliament, in cases before certain administrative tribunals.

In truth we lawyers in Britain have not only failed our fellow citizens, we have failed the law itself. The law should be one of the citizen's most effective and respected protectors and guides. A country that turns away from the law turns away from a quality of civilisation. It is we lawyers in Britain who have turned many of our fellow citizens away from the law.

I question only two of Lord Goodman's points. I question whether barristers are more greatly to blame than solicitors. Perhaps Lord Goodman (a solicitor) should be willing to acknowledge a fault or two on his own side of the profession. And I question Lord Goodman's suggestion that the arrangement of the profession in Britain into barristers and solicitors adds to expense. In my experience, legal costs in Britain are usually less than the costs of comparable service in France, Germany or the U.S.

Two pleas in mitigation. In my experience most of my fellow-lawyers in their traditional practices in lawfirms or in chambers work as hard as anyone in the Kingdom, and provide excellent service—in the fields and in the style of traditional practice. It's just that the law is also needed in newer fields, and in a different style. Some of us are seeking new fields and a new style. This is why we are ready to accept having left our lawfirms and chambers to work with our fellow citizens in their workplaces, in British industry; in fields such as business and employment law in particular.

C. J. C. McOustra,
ICL House,
Putney, SW15.

Liability for oil pollution

From Mr. A. Dickson

Sir,—I refer to the article of March 16 by your Chemicals correspondent, which reports that international oil companies are unconcerned that the Standing Committee debating the Merchant Shipping Bill should have supported a proposition to place responsibility for oil pollution damage on "the oil companies."

I hasten to assure you that my company is in full support of the need to have an efficient and rapid means of compensating all parties damaged by oil pollution, and we are well aware that eventually the costs attaching to these liabilities will have to be borne by the customers.

The new clause inserted during the committee stage changes existing machinery in the UK. This involves a substantial first tranche of liability falling on the shipowner, and once the limits of that tranche have been exhausted, liability falls on the cargo interest.

There are, I suggest, three reasons why it is vital that the present regimes remain unchanged. It is of great importance that the shipowner, who is in by far the best position to exercise responsibility for safety of ships, carries a substantial proportion of liability. A change in present regimes dealing with oil pollution liability in the UK would mean abrogation by the UK of international conventions, when it is important to our interests as a nation to maintain conformity in the rules under which shipping operations are conducted worldwide. It would really be most ill-advised for claimants for oil pollution clean-up and damage to be dependent on owners of cargo who might be situated anywhere in the world and might be very difficult to pursue for damages.

I trust that the foregoing will refute your correspondent's contention that the new provisions proposed for the Bill would have little effect upon international oil companies. Their interest is exactly that of responsible authority, which is that there should be in place the most efficient machinery for compensation for cost of clean-up and damage consequent on oil pollution.

A. F. Dickson.
Shell International Marine,
Shell Centre, SE1.

Inexpensive cigarettes

From the Director, Tobacco Advisory Council

Sir,—Mr. Jeremy Mitchell, director of the National Consumer Council (March 22) may feel that his figures constitute "better proof" than ours and support his argument that tobacco taxes should be increased to help pay for higher personal allowances. Our point is solely that if the Chancellor is looking for any increased revenue this should be across a broader base than just cigarettes on which total tax is already extremely high at 70 per cent of retail price. A suggestion to tax half the adult population (smokers) even more heavily comes strangely from a national body purporting to represent "consumer" interests.

H. B. Grice.
Glen House, Stag Place, SW1.

High cost farmers

From Lord Burton.

Sir,—I refer to Mr. John Cherrington's article on "Britain's high cost farmers" (Lombard, March 15). Surely he has failed to take into account any costing of the farmer's own labour. An efficient farmer has now to be a man of many parts, and his labour should be expensive. I feel that if the farmer's own time is taken into account, Mr. Cherrington's figures would be very different.

Burton,
Dochfour, Inverness.

Sharing a flat

From Elsa Wessel

Sir,—I quote from your Parliamentary report of March 7: "Ms. Cloquhoun said it was also essential that the part of the Street Offences Act of 1956 which classified two women living together as 'a brothel' should be amended."

When my firm sent me over to London in 1957 on a four-month course to brush up my English, I followed the widely established custom of sharing a flat with three other girls. We were two girls to a bedroom and shared living-room, kitchenette and bath. According to the Act this certainly constituted "a brothel." I have not yet decided whether to be shocked or amused by the fact that in my younger days I was obviously the inmate of a London brothel.

Elsa Wessel.
5600, Wuppertal 1,
Helmholtzstrasse 14

Borrowed jargon

From Mr. J. Sacher

Sir, I started to read Lord Brown's article on the Management Page (March 19), hoping that, as its title suggests, it would make clear "how managers should talk directly to employees" and demonstrate to many managers how they have let management slip away from them.

In the discussion with the shop stewards, included in the article, the manager used the word "contract" three times to describe a particular form of "contact." Lord Brown asserts that "direct communication" is sometimes known as "contraction," though I doubt that many readers would know it or shop stewards remember which connotation of the word "contract" was implied.

The article itself illustrates how management can lose much of the argument from the outset by using borrowed jargon in place of simple English.

John Sacher.
Michael House,
Baker Street, W1

Today's Events

GENERAL

UK: TUC-Labour Party Liaison Committee meets, House of Commons.

Mr. Len Murray, TUC general secretary, speaks on first pensioners' national convention to be held June 14.

Mr. Henry Reuss, chairman, U.S. House of Representatives' Committee on Banking; Dr. Michael von Clemm, chairman, Credit Suisse First Boston; and Mrs. M. Siebert, Superintendent of Banks, New York State, are among speakers at Banking in the U.S., a two-day symposium at Dorchester Hotel, London.

Overseas: Israelis and Egyptians sign peace treaty at Camp David.

OPEC States meet in Geneva to discuss world oil supply.

EEC Agriculture Council starts two-day meeting in Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Defence Estimates White Paper. Motion on EEC Documents on Energy Policy. Forestry Bill (Lords), remaining stages. Motions on the redundant mineworkers' concessionary coal order and on mineworkers' pensions

House of Lords: Confirmation of Small Estates Bill, Industry Bill, second reading. Water Authority orders. Motions for approval. Meat and Livestock Commission levy scheme (confirmation) order.

Select Committees: Public accounts committee. Subject: Appropriation Accounts. Witnesses: Northern Ireland Department of Commerce. Room 16, 4.45 p.m. Expenditure, general sub-committee. Subject: Board of Inland Revenue. Witness: Sir William Pile. Room 8, 4.15 p.m. Expenditure, education, arts and Home Office sub-committee. Subject: Women and the penal system. Witnesses: Metropolitan Police. Room 13, 4.15 p.m.

COMPANY RESULTS

Final dividends: Beatson Clark and Co. Boddingtons' Breweries. Bronx Engineering Holdings. Carlton Industries. C.S.C. Investment Trust. Federated Land and Building Co. Ibstock Johnsen. Waverley Cameron. Interim dividends: Paterson Zochonis and Co. Interim figures: Arnecliffe Holdings. Epicure Holdings.

COMPANY MEETINGS

See Financial Diary on Page 9.

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NatWest sees sharp rise in world finance demand

AGAINST THE expected background of continuing subdued world economic activity, there is likely to be a considerable *increase in demand for finance.* This will come particularly in the energy field and in the advanced technology industry, says Mr. Robert Leigh-Pemberton, chairman of National Westminster Bank.

In 1978 all operating divisions of the group increased their contribution to profit: domestic banking by 35 per cent; international banking by 17 per cent and related banking services by 14 per cent. However as a percentage of the total the international side's slice was lower at 28 per cent (30 per cent), as was the related banking services at 10 per cent (13 per cent).

The international banking *team made good progress,* despite narrowing of margins in difficult and competitive markets. Overall profitability was sustained by the expansion of the loan portfolio and its careful structuring both globally and across the industrial categories.

The major international development was the agreement, in principle, announced in May, to purchase 75.1 per cent of the share capital of the National Bank of North America from CIT Financial Corporation.

"This acquisition, assuming that it is successfully completed, fulfils the group's long-standing wish to establish a greater presence in the United States compatible with our standing as a leading provider of international banking and financial services," Mr. Leigh-Pemberton says.

On the domestic front he says the UK business outlook for 1979 is clouded but the group is well placed to seize any opportunities which may develop.

A continuation of the steady growth of related banking services business experienced in 1978 is confidently expected for the current year.

Group taxable profit last year was ahead to £297.4m (£237.7m) on inflation adjusted basis it showed a £60m rise to £224m after downward adjustments of £59m (£61m) for free capital, £10m (£5m) for depreciation and £4m (£5m) related to the sheet of associated companies. The net total dividend is stepped up to 12.63237p (11.48779p) per £1 share as reported February 28.

There was a higher contribution to profit from the Access credit card operation. Here the easing of restrictions on repayments and cash advances, *combined with enlargement of the* cardholder base, led to a record level of business. The results of pilot tests of a new service, Access Loan Scheme, have been encouraging the chairman states.

Meeting, Winchester House, E.C., on April 24 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

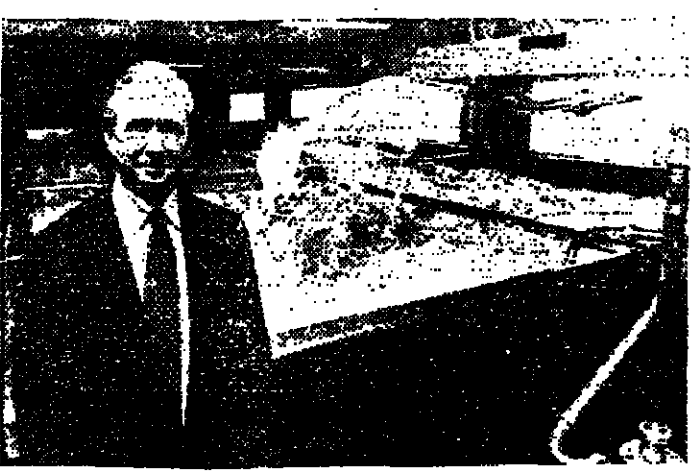
TODAY

Interims:—Peterson Zochonis.

Finals:—Arncliffe Holdings, Beatson Clark, Boddingtons Breweries, Bronx Engineering, C.S.C. Investment Trust, Carlton Industries, Federated Land and Building, Inveresk, Johnson, Waverley Cameron.

FUTURE DATES

Interims—	
A. B. Electronic	Mar. 30
Centrovincial Estates	Mar. 27
Hensher (Furniture Trades)	Mar. 27
Finals—	
American Trust	Apr. 3
Coates Brothers	Mar. 29
Descutter	Mar. 29
Dickinson Robinson	Apr. 10
Equity and Law	Mar. 27
Hyman (I. & J.)	Apr. 3
Law Land	Apr. 2
London Intercontinental	Mar. 28
Lovell (G. F.)	Mar. 28
Magnolia Group (Mouldings)	Mar. 29
Provident Life	Apr. 10
Prudential	Mar. 29
Sharna Ware	Mar. 28
Watts, Blake, Bearne	Mar. 30
Wolstenholme Rink	Mar. 29



Freddie Mansfield

Mr. Ewart Boddington, chairman of Boddington Breweries—due to announce full year results today—photographed in the fermenting room in the Manchester Brewery.

Hewitt maintains pace to finish with £0.3m

As forecast taxable profits of J. Hewitt and Son (Fenton) continued to improve in the second-half of 1978. The year's surplus rose from £213,913 to £311,098.

At the half-way stage pre-tax profits were up from £66,000 to £110,000 and the *directors said they expected the trend to continue for the remainder of the* year.

The dividend is lifted from 1.032p net per 5p share to 1.2776p at a cost of £28,746 (£23,220).

A revaluation of land and buildings at the year-end resulted in a £655,106 surplus which has been credited to reserves.

Industry now the weather had improved, but it was impossible to say whether this would be maintained into the summer months.

Crossfriars increases to £182,401

Net profits of Crossfriars Trust rose from £148,831 to £182,401 in the six months to December 31, 1978. Net asset value per 25p share is shown ahead from 104p to 115p.

For the whole of last year the company turned in net profits of £371,000 (£344,000).

Gross income at midway was £306,153 (£266,184), and tax takes £87,508 against £80,565.

The interim dividend, which is pegged at 1.35p net, has already been announced. Last year's total was 3.7p.

London Shop midterm slowdown

WITH NO surplus on property trading, taxable profit of London Shop Property Trust fell from £254,750 to £168,750 in the half year to October 31, 1978. Property revenue was up £122,250 at £841,250 but this was almost all offset by higher interest costs.

However, Mr. Cyril Black, the chairman, points out that, as he forecast in his annual report, property revenue is expected to reach £200,000 for the current year. Also, subject to selling expenses, property trading sales already made in the second half will produce profits of over £400,000.

Overall, therefore, the directors anticipate total income from *both sources will show an* advance over last year's £1.84m. At the pre-tax level earnings in 1977-78 were a record £2.04m.

Tax for the half year was lower at £50,750 (£80,750) leaving the net balance at £118,000, against £174,000, *for earnings per* 25p share of 0.58p (1.38p). A net interim dividend of 0.9011p (0.8SSp) has already been declared.

The Board believe net profits for the year will be sufficient to maintain the dividend. *A total of* 3.0318p was paid last time.

Mr. Black says the housebuilding subsidiary is making slow but steady recovery. There is a constant flow of sales and it is hoped the improving position will continue.

Interest rates, which have doubled over the last 12 months, pushed net interest payable up from £636,500 to £756,000 and it is likely the charge for the full year will show a similar rate of increase he adds.

	Half-year October 31, 1978	1977
Total income	929,750	911,250
Property revenue	841,250	719,000
Property trading	—	99,750
Housebuilding	18,000	22,500
Invest. income	19,500	13,500
Share of assocs.	48,000	51,500
Net interest	756,000	636,500
Exceptional debit	—	20,000
Pre-tax profit	168,750	254,750
Tax	50,750	80,750
Net profit	118,000	174,000
To minorities	600	11,—
Attributable	117,400	175,750

† Minority loss.

British Vita soundly based to improve

THE FULL effects of events in Iran and increases in prices of crude oil and naphtha feedstock cannot yet be predicted, Mr. F. A. Parker, chairman of British Vita Company, says in his annual statement.

The price of the group's raw materials will inevitably rise and determined efforts are being made to tackle this problem.

However, with the benefit of the group's spread of operations the directors are determined that *the current year should be no less* satisfactory than the year under review in terms of performance.

As reported on March 2, pre-tax profits for 1978 advanced from £6.18m to £8.83m and, with Treasury consent, the total dividend is raised 30 per cent from 1.775p to 2.67p. *A one-for-five scrip issue is also proposed.*

On a current cost basis pre-tax profit is shown at £6.18m, after adjustment for depreciation £582,000, cost of sales £174,000, gearing £100,000 and interest £401,000. The adjusted UK trading profit was £2.43m overseas trading profit £1.36m and share of associates £2.79m.

In a statement of source and application of funds working capital is shown to have decreased by £138,000, compared with *an increase of £1.16m.*

The AGM of the company will be held at Rochdale on April 11, at noon.

SGB set for another good year

Despite the effects of the recent severe weather, SGB Group, the international construction plant and services concern, looked set for another good year in 1979, Mr. Neville Clifford-Jones, the chairman, said at the annual meeting in London.

The weather had severely affected some of the group's operating companies, but despite that, all four main operating groups in the UK were well ahead of last year.

Mr. Clifford-Jones said there was bound to be some surge of activity in the UK building

ASSOCIATE DEAL

Mr. John James, the John James Group and the Associated interests have sold, through Stock and Co., their 9.19 per cent holding in the Wellman Engineering Corporation, at an average price of 60.85p.

New savings plan launched by Scottish Provident

A new form of flexible with-profits savings plan, combining *tax efficiency with the high level* of guarantees associated with traditional life assurance has been launched by the Scottish Provident Institution. The plan called The Hallmark Investment, is available in two forms, the *annual premium plan for the* regular saver and the single premium plan for the lump sum investor.

Under the annual premium plan, the investor pays premiums for ten years, at the end of which he has a choice of options. He can cash in his investment for a guaranteed cash sum plus the bonuses accrued to the policy. Or he can leave the money to be cashed at a later policy anniversary again the cash-in value would be for a guaranteed sum plus bonuses. This deferment of cash-in can be made up to the 30th policy anniversary.

The maturity sums paid are free of income tax, higher rate tax and capital gains tax. By taking out a series of policies, the investor, by cashing in some on successive policy anniversaries, can provide himself with tax-free income. The premiums paid are also eligible for the usual life asurance tax relief.

Under the single premium plan, the investor takes out a combination of annual premium endowment assurance and a temporary annuity. The first premium is taken out of the lump sum investment, the remainder of the sum buys the annuity. The annuity payments then cover the endowment premiums. Under this method, the investor gets tax relief on his premiums and the resulting maturity values from the tenth year are tax free.

The Scottish Provident has spent a lot of time and effort in designing a savings scheme that is tax efficient and has the flexibility associated with linked life *savings plans, but carries* the guarantees of a with-profit contract.

Better trend at Twentieth Century Bnkg.

Profits before tax of Twentieth Century Banking Corporation, a member of the P and O Group, *increased from £6,000 to £515,000* for 1978.

After a tax credit of £221,000 (£438,000), an amount of £736,000 was added to reserves, compared with £444,000 last time.

Mr. Oliver Brooks, the chairman, describes the result as satisfactory at this stage of the process of rehabilitation.

A good volume of new business has already been written in 1979 and the current year's trading should evidence further improve*ment, he adds.*

The liquidity and shape of the balance sheet have been strengthened, with capital and reserves of £8.17m (£7.43m) giving a gearing of just over 5 : 1.

Many bank lines have been in*creased and deposits from the* general public have been well maintained.

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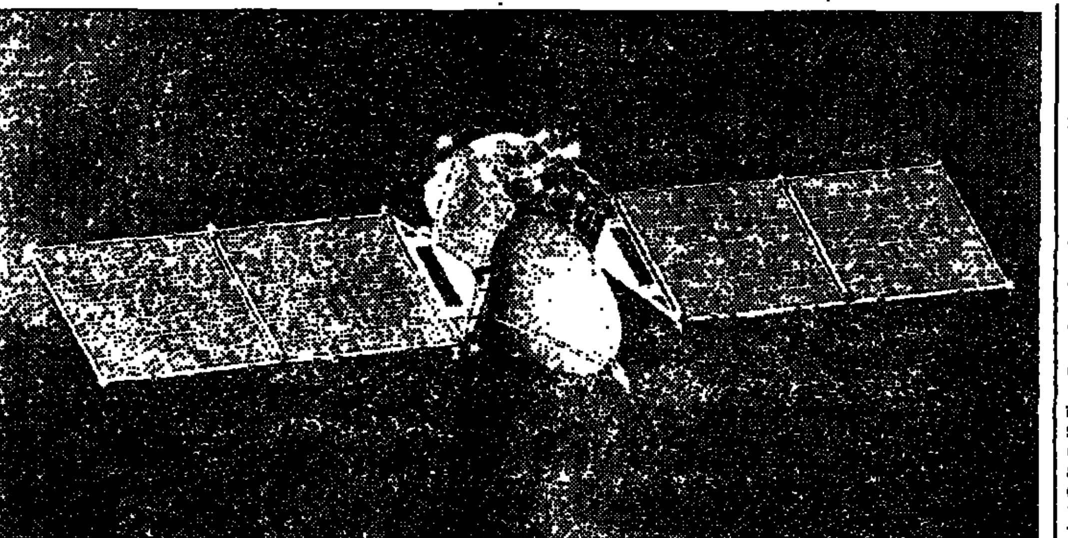
Mon.	12.510	12.750
Tues.	12.509	12.708
Wed.	12.698	12.727
Thurs.	13.163	12.680
Fri./Sun.	13.027	12.678



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CONSOLIDATED SEMI-ANNUAL REPORT

Statement of Income (For the period April 1 – September 30 1978) (in millions of Yen)

Sales and other income	885.125
Costs and expenses	861.349
Income before income taxes	23.776
Income taxes	14.656
Net income	9.120
Net income per common stock	4.42 (In Yen)

Breakdown of Business Results by Product Group

Consumer Products 40%
Heavy Apparatus 26%
Industrial Electronic Products 22%
Other Products 12%

Balance Sheet (September 30 1978 in millions of Yen)

ASSETS		LIABILITIES	
Cash and time deposits	255.969	Bank loans	490.865
Notes and accounts receivable, trade	373.152	Notes and accounts payable, trade	279,257
Inventories	319.796	Other current liabilities	471,170
Other current assets	267.954	Other liabilities	341,527
Property, plant and equipment	264,076	Common stock	104,615
Other assets	284.550	Surplus	76,063
Total assets	1,765,497	Total liabilities	1,765,497

Interested parties are invited to send for our semi-annual report.

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Meetings on Rockwell's £24m revised offer

BY JOHN MOORE

The Board of Wilmot Breeden is meeting early this week to consider the rapidly revised indicated offer of £24m from Rockwell International of the U.S.

But today Rockwell's advisers, S. G. Warburg and Lazard Brothers, are meeting the Takeover Panel to give them a blow by blow account of the hectic events of last week.

Last Monday Rockwell International said, after having been involved in talks with Wilmot since last December, that it was prepared to offer nearly £20m for the group—95p a share. Because the City was looking for a higher offer the shares fell 11p to 91p.

Two days later Wilmot rejected the indicated offer from Rockwell as "a wholly unsatisfactory proposal at a level which could not be recommended to shareholders."

On Friday Rockwell, using stockbrokers Cazenove, bought 6,224,000 Wilmot shares (29.98 per cent) in the market at a price of 115p a share. Late on Friday the group announced that it was prepared to offer 115p a share for the 70 per cent of the equity which it does not already own. The new offer price put a value of £24m on the company.

On the stock market Wilmot's shares rose 18p to 113½p.

The Takeover Panel is likely to question Rockwell's advisers over the rapid change of mind, and why, when Rockwell was offering 95p on Monday, it was prepared to offer 115p by Friday.

Rockwell's advisers said yesterday that the strong rejection by Wilmot on *Wednesday had implied that* there was bullish information on prospects in the pipeline. Moreover, there were fears that another bid might emerge. "You are presented with a series of incidents and you have to react *to them insequence,"* said S. G. Warburg.

Rockwell had also been encouraged by the favourable response that it had received to its bid approach from Wilmot's French customers in the motor industry.

Meanwhile Wilmot who has strongly advised shareholders to take no action is to consider the latest indicated offer from Rockwell. Wilmot's advisers Morgan Grenfell said yesterday, "We may decide not to make any formal recommendation until we see a formal offer." Wilmot is also considering whether to make any representations to the Takeover Panel over the events of last week.

CAPITAL FOR INDUSTRY

Crofton Group, a wholly owned subsidiary of Capital for Industry, a member of the *Grindlays* Bank Group, has acquired a 75 per cent shareholding in Elkmark Holdings, for a cash consideration of £344,000.

The resultant 25 per cent shareholding remains with Mr. John Sculthorp, a son of the founder of the business, who remains an executive director of the company. Concurrent with the change in ownership, Mr. B. J. Wolfe, chief executive of Crofton, has been elected chairman of Elkmark. No management changes are planned.

Chairman of Capital for Industry, Mr. B. A. Solomon, states that policy will be to develop further with additional resources, the already successful record of Elkmark and to consolidate, via the Crofton Group, leadership in the diary, promotional gift and plastic stationery market.

LADBROKE

Ladbroke Racing are purchas*ing 18 retail betting units* trading under the name of Sam Cowan in the Thames Valley area for £957,000. Additionally a freehold property portfolio (including some of the units) is being acquired at valuation for £1,423,000.

The acquisition will bring the total number of retail betting units operated by Ladbroke's *Racing Division to 990.*

ESTATES AND AGENCY

Mr. John Rosefield, the director of Estates and Agency Holdings, who bought out the 25 per cent of the other directors earlier this week, now plans to consolidate his own private property interests with those of Estates.

He and his associates appear to be taking over the board from Mr. D. Berenpour and Mr. F. A. Shasha who have resigned. The new associates now own 28 per cent of the equity.

The *property* deal involves Estates buying £1.275m worth of properties for the issue of 1.5m shares at 85p a share. Estates' shares were suspended in the market at 90p on Monday pending this announcement.

Meanwhile Estates is continuing to reduce its short-term borrowings through the sale of properties from its portfolio. It has now sold eight properties for £273,000 gross—a deficit on book value of £25,000. Other *sales are likely to follow.*

REDLAND-LAVENDER

Redland has issued 251,149 ordinary 25p shares as the fifth and final instalment of the con*sideration for the acquisition of* H. Lavender and Son that took place in 1976.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 30.3.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	11½	11½	11¾	12	12	12¼	12¼	12¼

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

Tokyo Pacific Holdings N.V.
Tokyo Pacific Holdings (Seaboard) N.V.

The Annual Report as of 31st December 1978 has been published and may be obtained from:

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21 Rue Laffitte, Paris 9

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Unter Sachsenhausen 4, 5 Köln

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Königsallee 17, Düsseldorf 1

Banque de Paris et des Pays-Bas
3 rue d'Antin, Paris 2
Boulevard Emile Jacqmain 162,
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THE FINANCIAL TIMES INDEX & BUSINESS NEWS SUMMARY
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LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	12¼	½-year	1,000	5-7
Poole (02013 5151)	11¾	½-year	500	2-3
Poole (02013 5151)	12	½-year	500	4-5
Redbridge (01-478 3020)	11½	½-year	200	4-5
Sefton (051 922 4040)	11¾	½-year	2,000	5-7

All these securities having been sold, this announcement appears as a matter of record only.

FFI

Finance for Industry Limited
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£15,000,000

13 per cent. Sterling/U.S. dollar payable Bonds 1991

S. G. Warburg & Co. Ltd.

Banque de Paris et des Pays-Bas — Barclays Bank International Limited
County Bank Limited — Lloyds Bank International Limited
Merrill Lynch International & Co. — Samuel Montagu & Co. Limited
Nomura Europe N.V. — The Royal Bank of Scotland Limited
Salomon Brothers International — Westdeutsche Landesbank Girozentrale

CORAL INDEX: Close 531-536

INSURANCE BASE RATES

† Property Growth	12½%
† Vanbrugh Guaranteed	10.83%

† Address shown under Insurance and Property Bond Table.

INTNL. COMPANIES and FINANCE

Montedison reduces deficit

L BETTS IN ROME

SON, the parent company's largest chemical expected to report a of some L255bn r last year compared it of L509bn in 1977. ures, together with y's 1978 accounts, are approved by the board to-day and o the annual meeting of next month. d meeting comes at ly sensitive time for y following a severe accident last Thursntedison's chemical of Marghera, near which three emd and others were

While there has been some improvement in the company's troubled financial and structural position, largely in view of the recovery of the chemical sector during the last quarter of 1978, the sizeable reduction in losses chiefly reflects a series of complex balance sheet operations.

In its 1977 losses of L509bn, Montedison effectively included in advance some L120bn which its ailing fibres subsidiary, Montefibre, was expected to lose last year.

Montefibre remains the company's biggest liability, and the Montedison board has warned that unless there was general political understanding to resolve the protracted crisis in the Italian fibres sector, its efforts to bring the parent company back into the black by 1981 would fail.

Montedison estimates it will lose L190bn this year, L95bn in 1980 and hopes to break even in 1981. However, attempts to seek a solution to the fibres crisis still appear distant and a proposal to merge and rationalise the fibres activities of Montefibre and Snia Viscosa, another major fibres group controlled by Montedison, are still blocked.

At the same time, Montedison is still plagued by its heavy burden of accumulated debts. The parent company's debts amounted to more than L2,600bn at the end of last year, with short term debts accounting for as much as L1,180bn of the total. The company's debt repayment obligations last year were understood to have totalled some L400bn.

To cover last year's losses Montedison intends to upgrade the book value of a series of fixed assets it controls in the hydrocarbons and electricity sectors. The company also proposes to sell a number of other assets to raise urgently-needed liquidity.

Montedison's consolidated group turnover totalled L5,775bn last year, representing a 7.9 per cent increase over 1977.

Profits boost at Ericsson

OR KAYFETZ IN STOCKHOLM

SSON, the Swedish lications group, rese of more than 30 pre-tax profit from n 1977 to SKr 721m st year. The board dividend of SKr 5.50 up from SKr 5, and r 120m.

e by 15 per cent from n (S2.07bn) with ged 54 per cent of ming from markets eden. Orders during ited to SKr 11.54bn, of 33 per cent over s year. The backlog of orders at the end of 1978 stood at SKr 10.59bn, more than 23 per cent higher than at year-end 1977.

Pre-tax profit includes SKr 189m in losses incurred when translating balance sheets of foreign subsidiaries into Kronor, against SKr 131m in 1977. Disregarding these losses, the 1978 profit was SKr 910m compared with SKr 684m. In its nine-month interim report, Ericsson had predicted merely that profit recorded in this fashion would be larger for 1978 than for 1977.

Group net profit, following appropriations and taxes, was SKr 300m, up from SKr 193m.

Ericsson said that 1979 earnings were difficult to predict due to the large number of countries in which the company does business. "A reasonable forecast, however, is that profit before appropriations and taxes will exceed that achieved during 1978. Contributing to the expected earnings trend is the fact that sales successes for the group's new products are now increasingly resulting in deliveries," the preliminary report said.

Polish loan increased

By John Evans

A SYNDICATED loan for Poland in the Eurocurrency markets has been increased in size to $550m from the $500m originally planned.

One of the joint lead managers, Royal Bank of Canada, announced the increase. The credit for Bank Handlowy Warszawie, the Polish state bank, is expected to be signed in London on March 30.

The loan bears a margin of 1½ per cent over London Eurodollar interbank rates for the first two years, and 1⅝ per cent for the remaining five years.

Subscriptions for the credit, after an international syndication operation lasting some weeks, totalled in the region of $650m. However, the main managing banks are understood to have taken advantage of the over-subscription to reduce slightly their own underwriting commitments, which totalled around $55m per bank.

● The joint Paraguayan/Argentinian hydro-electric agency, Entidad Binacional Yacyreta, is raising a loan of $200m, Rosemary Burr writes.

The 10-year credit carries a spread of ⅞ per cent for the first three years and ¾ per cent thereafter, the finest terms on an Argentinian credit in the current cycle.

Kaiser Steel sees improvement

ID—Kaiser Steel ex first quarter results than a year earlier, bly not dramatically Mark T. Anthony, nt and chief execusaid.

ined to be more bout first quarter ked, however, if the would still report the period, he said not too far off base." 978 March quarter, el made a loss of evenues of $173.9m. full year the comts some earnings improvement. But the gain will be held down, "because we won't have as big a tax credit this year," he said. This year's credit will be around $9m.

In 1978, the company earned $13.1m or $1.75 a share. Much of this came from tax credits of $37m. Revenues last year totalled $724.5m.

Mr. Anthony said that competitive price allowances on certain products in certain markets begun late last year had "worked better than we thought. We expected they might not take hold until the second quarter, but the business came in quite well in the first quarter." The allowances were instituted to combat competition from foreign steel imports.

The company expects continued stiff competition from imports this year, but west coast imports should decline somewhat from 1978.

Capital spending in 1979 will decline to about $90m from $133.4m, he said. About $25.4m of the 1979 total will go for environmental control equipment.

AP-DJ

PENDING DIVIDENDS

	Date	Announcement last year
Assocd. Biscuit Manufctrs.	Apr. 10	Final 1.88 fcst.
Aurora	Mar. 30	Final 3.96
*BICC	Mar. 29	Final 4.8
*BPM	Mar. 28	Int. 0.8125
*Babcock and Wilcox	Apr. 12	Final 2.892
Bank of Scotland	Apr. 4	Final 5.449
Barrow Hepburn	Mar. 8	Final 1.9331
Blue Circle Inds.	Apr. 13	Final 6.4523
*Booker McConnell	Mar. 29	Final 3.952fcst.
*Bowater	Apr. 5	Final 5.7864
Brit. Printing Corpn.	Apr. 6	Final 2.4 fcst.
Brown Boveri Kent	Apr. 14	Final 1.0
*Cadbury Schweppes	Apr. 5	Final 2.09143
*Cape Inds.	Apr. 8	Final 5.302
Cons. Gold Fields	Apr. 5	Int. 3.1916
Coral Leisure	Apr. 20	Final 3.6 fcst.
Croda Intnl.	Apr. 6	Final 1.192
Currys	Apr. 17	Final 4.54
*Dickinson Robinson	Apr. 10	Final 4.448
Dunlop	Apr. 20	Final 2.65
Eagle Star	Apr. 12	Final 3.1262
European Ferries	Apr. 26	Final 1.8
Gerrard Nat. Discount	Apr. 26	Final 4.171
*Gill and Duffus	Apr. 10	Final 2.564fcst.
*Glaxo	Apr. 9	Int. 4.5
Glynwed	Apr. 12	Final 5.75
*Guardian Royal Exchange	Apr. 11	Final 5.9304
Guest Keen and Nettlefolds	Apr. 4	Final 10.059
Hammerson Prop. and Inv.	Apr. 28	Final 5.46
Hawker Siddeley	Apr. 18	Final 2.201
Hepworth (J.)	Apr. 21	Int. 0.72
Hewden Stuart	Apr. 10	Final 0.8684
House of Fraser	Mar. 30	Final 3.0776
*Howden (Alexander)	Mar. 29	Final 4.09
LWT	Mar. 30	Int. 3.555
*Ladbroke	Apr. 5	Final 4.0
Laird Group	Mar. 27	Final 2.937 fcst.
*Lead Industs.	Apr. 11	Final 4.37
*Legal and Genl. Assce.	Mar. 28	Final 3.66
London Brick	Apr. 6	Final 1.9602
*Law and Bonar	Apr. 2	Final 7.39
*Lucas Industries	Mar. 29	Int. 2.334
*Menzies (John)	Apr. 24	Final 1.34 fcst.
Minet	Apr. 27	Final 1.271
*Morgan Crucible	Apr. 5	Final 2.204
Mowlem (John)	Apr. 20	Final 5.0
*News Intl.	Mar. 29	Final 4.9
Ocean Transport	Apr. 3	Final 4.3273
Ofrex	Apr. 6	Final 2.34
*Pearl Assurance	Apr. 6	Final 8.735
Pearson Longman	Apr. 21	Final 4.238
Pearson (S.)	Apr. 21	Final 4.809
Phoenix Assur.	Apr. 5	Final 5.77
Prudential Assce.	Mar. 30	Final 4.198
Ready Mixed Concrete	Apr. 13	Final 3.27
Reckitt and Colman	Mar. 30	Final 5.95478
*Reed (Austin)	Mar. 29	Final 1.859
Rowntree Mackintosh	Apr. 13	Final 5.4175
Rugby Portland Cement	Apr. 17	Final 1.809
*Schroders	Mar. 28	Final 8.4401
*Scottish Met. Prop.	Apr. 2	Int. 0.9
Simon Engineering	Apr. 24	Final 5.0652
*Slough Estates	Mar. 28	Final 1.515
*Smith (W. H.)	Apr. 11	Final 0.2978
*Smiths Inds.	Apr. 10	Int. 3.2853
Smurfitt (Jefferson)	Apr. 27	Final 4.867
Spirax-Sarco	Apr. 3	Final 5.19
*Sun Alliance	Apr. 4	Final 9.245
Tarmac	Apr. 27	Final 6.234
Taylor Woodrow	Apr. 6	Fnl 6.4853 fcst
*Telephone Rentals	Apr. 25	4.3
Tozer Kemsley and Millbourn	Apr. 25	Final 2.2702
Travis and Arnold	Apr. 25	Final 3.1219
Vickers	Apr. 27	Final 5.0964
*Vosper	Mar. 30	Final 2.5 fcst.
Wimpey (George)	Apr. 27	Final 0.6810

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p‡	+ or −	Div. Pt. or Amount	Times Covered	Gross Yield	P.E. Ratio
§95	F.P.	—	194	150	††Appl. Computer	188	−2	0.7	11.0	0.6	23.2
65	F.P.	20/2	173	68	Caledonian Hldgs.	168	+1	b7.3	1.6	6.5	14.3
**	F.P.	16/2	162	118	Hunting Assoc. Defd.	162	+9	—	—	—	—
**	F.P.	9/2	41	31	M.Y. Dart Defd.	39	......	—	—	—	—
95¶¶	F.P.	20/4	118	97	Sedgwick F. New 10p	118	......	T5.0	2.1	6.3	11.0

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
‖	F.P.	23/2	85p	53p	Chepstow Race's 5% Cnv. Uns. Ln. 1988	85p	......
£98	£20	—	21	19½	ICFC 12½% Uns Ln 1992	21	+¼
¶¶	£10	27/7	13¾	12	Lee Valley Water 8% Red. Prf. 1986	13¾	......
†§72½	—	—	73	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	73xd	+2
98	F.P.	14/6	100¾	97¼	Mid-Southern Water 8% Red., Pref 1984	100¾	+¼
**		9/3	103p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	103p	......

"RIGHTS OFFERS"

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing prices p‡	+ or −
115	Nil	30/3	20/4	41pm	32pm	Brammer (H.)	38pm	......
60	F.P.	6/3	27/4	86	66	Burco Dean	80	......
88	Nil	30/3	27/4	29pm	21pm	Cement-Roadstone	23pm	+2
220	F.P.	14/2	6/4	292	238	Haslemere Estates	292	+6
33	F.P.	22/3	4/5	43	38	Hirst & Mallinson	43	+2
185	F.P.	23/3	18/5	225	210	Johnson Matthey	225	......
67	F.P.	7/3	20/4	109	74½	Macpherson (D)	106	......
58	F.P.	26/2	26/3	67	60	Montfort	65	+1
225	F.P.	12/3	20/4	296	232	Rank Org.	286	......
59	F.P.	23/3	19/5	79	73	Redman Heenan	77	......
27	F.P.	14/3	25/4	37	35	Sekers Intl.	35½	......
315	F.P.	12/3	2/4	390	245	Taylor Woodrow	390	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Cum dividend. †† Unlisted security.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.
Index Guide as at March 20, 1979 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 148.52
Clive Fixed Interest Income 121.50

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London, EC3V 3PB. Tel: 01-623 6314.
Index Guide as at March 22, 1979
Capital Fixed Interest Portfolio 107.05
Income Fixed Interest Portfolio 103.12

I.G. Index Limited 01-351 3466. July Coffee 1475-1489
29 Lamont Road, London, SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	13 %
Allied Irish Banks Ltd.	13 %
Amro Bank	13 %
American Express Bk.	13 %
A P Bank Ltd.	13 %
Henry Ansbacher	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13 %
Bank of Credit & Cmce.	13 %
Bank of Cyprus	13 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons	13 %
C. E. Coates	13 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13 %
Greyhound Guaranty	13 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	14 %
Hongkong & Shanghai	13 %
Industrial Bk. of Scot.	13½%
Keyser Ullmann	13 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13 %
London Mercantile	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Rossminster	13 %
Royal Bk. Canada Tst.	13 %
Schlesinger Limited	13 %
E. S. Schwab	14 %
Security Trust Co. Ltd.	14 %
Shenley Trust	15 %
Standard Chartered	13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

Public Works Loan Board rates

Effective from March 24

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	11⅝	11⅝	11⅞	12⅜	12⅜	12⅝
Over 5, up to 10	11⅞	12	12¼	12⅝	12¾	13
Over 10, up to 15	12⅜	12½	12⅝	13	13	13¼
Over 15, up to 25	12⅝	12⅝	12⅞	13⅛	13¼	13⅜
Over 25	12⅝	12⅞	12⅞	13¼	13⅜	13⅜

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

CURRENCIES, MONEY and GOLD

...a heads the EMS

IN MILLHAM

rencies which joined European joint float forming the European Monetary System have singly well so far. lira has been the ember of the system, country's balance of deficit in February, ct that yet another ernment is not expecmore than a few consumer price index annual rate of 13.4 February, compared per cent in January, while the Governor of the Bank of Italy has forecast an inflation rate of 13-14 per cent this year, compared with 12 per cent last.

In its latest monthly report the German Bundesbank underlined the problems of different inflation rates in EMS member countries, and the Italian authorities are obviously worried by the same problem.

While the lira remained at the top of the EMS on both a currency cross rate basis, and by calculations against the European Currency Unit, one of the old members of the European currency snake, the Belgian franc, was at the bottom of the system. Taken over a period from Tuesday to Friday, the other two new members, the French franc and Irish punt were firm, with the French currency unchanged against the lira, while the punt gained some ground.

Denmark's krone was the second strongest currency, almost moving level with the lira on Thursday, but the other members of the snake did not do so well. The Dutch guilder has been firmer than most currencies, but in common with the D-mark and Belgian franc lost ground against the lira, French franc and punt towards the end of the week. It was noticeable that although the guilder has been stronger than the D-mark, the two currencies have tended to move in line with each other.

Until a sharper weakening of the German currency on Friday, the D-mark and Irish punt had vied with each other for the dubious distinction of being the second weakest member of the system. The punt tended to be the most volatile member, reflecting the fact that it is still riding up and down on the back of sterling.

...ENCY RATES

Bank rate %	Special Drawing Rights	European Currency Unit
13	0.632224	0.663922
9½	1.28686	1.34984
11¼	1.50171	1.57877
3¾	17.5832	18.4523
6	—	39.7765
8	6.67826	7.00770
3	2.39810	2.51826
6½	2.58796	2.71804
9½	5.52127	5.79555
10½	1080.46	1134.20
3½	264.712	277.527
7	6.56829	6.89229
8	—	92.9906
6½	5.62199	5.90151
1	2.17134	2.27807

GOLD

	Mar. 23	Mar. 22
Gold Bullion (fine ounce)		
Close	$243¼-244 (£119.3-119.7)	$241¾-242½ (£118.8-119.2)
Opening	$242-242¾ (£118.9-119.3)	$242¼-243 (£119.2-119.5)
Morning fixing	$242.15 (£119.039)	$242.90 (£119.449)
Afternoon fixing	$242.50 (£119.048)	$242.85 (£119.425)
Gold Coins, domestically		
Krugerrand	$265-269 (£130-132)	$266½-270½ (£131-133)
New Sovereigns	$68½-70½ (£33½-34½)	$68-70 (£33½-34½)
Old Sovereigns	$75½-77½ (£37-38)	$75½-77½ (£37-38)
Gold Coins, internationally		
Krugerrand	$249-251 (£122½-123½)	$250-252 (£123-124)
New Sovereigns	$63¼-65¼ (£31-32)	$63½-65½ (£31¼-32¼)
Old Sovereigns	$75½-77½ (£37-38)	$75½-77½ (£37-38)
$20 Eagles	$314-319	$313-318
$10 Eagles	$173-178	$170-175
$5 Eagles	$120-125	$119-124

OTHER MARKETS

Mar. 23	£	$		£ Note Rates
Argentina Peso	2318-2338	1137-1147	Austria	27¼-28¼
Australia Dollar	1.8110-1.8210	0.8888-0.8938	Belgium	60¼-61¼
Brazil Cruzeiro	45.59-46.59	22.35-22.85	Denmark	10.53-10.63
Finland Markka	8.0850-8.1050	3.9580-3.9780	France	8.68-8.78
Greek Drachma	73.793-75.588	36.20-37.10	Germany	3.72-3.82
Hong Kong Dollar	10.02¼-10.04¾	4.9260-4.9290	Italy	1,680-1,730
Iran Rial	146.70-152.80	72-75	Japan	420-430
Kuwait Dinar (KD)	0.555-0.565	0.2753-0.2754	Netherlands	4.05-4.15
Luxembourg Frc.	60.00-60.10	29.47-29.49	Norway	10.32-10.42
Malaysia Dollar	4.47¾-4.48¾	2.1985-2.2000	Portugal	93-99
New Zealand Dlr.	1.9270-1.9370	0.9460-0.9505	Spain	140.00-145.00
Saudi Arab. Riyal	6.78-6.88	3.3600-3.3615	Switzerland	3.38-3.48
Singapore Dollar	4.43-4.44	2.1785-2.1795	United States	2.0300-2.0400
Sth. African Rand	1.7109-1.7223	0.8400-0.8455	Yugoslavia	39½-42½

Rate given for Argentina is free rate.

...E DOLLAR SPOT AND FORWARD

Day's spread	Close	One month	% p.a.	Three months	% p.a.
...320-2.0385	2.0370-2.0380	0.40-0.30c pm	2.06	0.97-0.87 pm	1.81
...320-2.0385	2.0370-2.0380	0.40-0.30c pm	2.06	0.97-0.87 pm	1.81
...51-85.66	85.63-85.66	0.3-0.1c pm	0.28	1.2-0.9 pm	0.49
...104-2.0135	2.0125-2.0135	0.79-0.69c pm	4.41	1.94-1.84 pm	3.75
...44½-29.49	29.47-29.49	9½-8½c pm	3.66	23-21 pm	2.98
...950-5.1895	5.1885-5.1895	par-0.50ore dis	−0.58	1.35-1.85dis	−1.23
...629-1.8655	1.8645-1.8655	1.11-1.01pf pm	6.82	2.83-2.73 pm	5.96
...02-48.17	48.07-48.17	35-50c dis	−10.60	100-165dis	−11.01
...88-68.96	68.88-68.91	5-15c dis	−1.74	25-35 dis	−1.74
....60-840.25	839.75-840.25	0.20-0.60lire dis	−0.57	1.10-1.60dis	−0.64
...045-5.1065	5.1045-5.1055	1.30-0.80ore pm	2.47	2.15-1.85 pm	1.49
...890-4.2916	4.2905-4.2915	1.42-1.32c pm	3.83	3.07-2.87 pm	2.77
...695-4.3715	4.3705-4.3715	0.85-0.65ore pm	2.06	2.40-2.20 pm	2.10
....65-205.95	205.65-205.75	1.00-0.90y pm	5.54	2.80-2.75 pm	5.49
...66¾-13.67¾	13.67-13.67¾	7-6¼gro pm	5.81	19-17 pm	5.26
...650-1.6900	1.6875-1.6885	1.60-1.50c pm	11.02	4.40-4.30 pm	10.31

...d and Canada are quoted in U.S. currency. Forward premiums ...ts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0320-2.0385	2.0370-2.0380	0.40-0.30c pm	2.06	0.97-0.87 pm	1.81
Canada	2.3765-2.3830	2.3785-2.3795	0.42-0.32c pm	1.87	0.90-0.80 pm	1.43
Nethlnd.	4.06-4.11½	4.10-4.11	2½-1½c pm	5.85	6-5 pm	5.36
Belgium	59.80-60.15	60.00-60.10	30-20c pm	5.00	70-60 pm	4.33
Denmark	10.54¼-10.58½	10.57-10.58	1½ore pm-½ore dis	0.57	1½ pm-½ dis	0.19
W. Ger.	3.78-3.81	3.79¾-3.80¾	3¼-2¼pf pm	8.91	7¾-6¾ pm	7.83
Portugal	97.40-98.10	97.80-98.10	30-100c dis	−7.98	80-220 dis	−6.13
Spain	140.15-140.45	140.35-140.45	10c pm-40c dis	−1.28	par-120 dis	−1.71
Italy	1,707-1,712	1,711-1,712	2 lire pm-par	0.70	5-3 pm	0.93
Norway	10.37½-10.41½	10.40-10.41	5-3ore pm	4.61	8¾-6¾ pm	2.98
France	8.71½-8.75½	8.74-8.75	4½-3½c pm	5.15	10-8 pm	4.35
Sweden	8.88-8.91½	8.90-8.91	3¼-1¾ore pm	3.71	8¾-6¾ pm	3.48
Japan	416-422	418¼-419¼	2.75-2.45y pm	7.44	7.75-7.45 pm	7.25
Austria	27.75-27.90	27.85-27.90	22-12gro pm	7.32	52-42 pm	6.74
Switz.	3.42½-3.45	3.43¼-3.44¼	4-3c pm	9.45	10¾-9¾ pm	9.23

Belgium rate is for convertible francs. Financial franc 60.75-60.85. Six-month forward dollar 1.45-1.35c pm; 12-month 2.80-2.70c pm.

...NGE CROSS RATES

...23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
...ing	1.	2.038	3.803	419.5	8.745	3.443	4.105	1712.	2.379	60.05
	0.491	1.	1.866	205.8	4.292	1.690	2.015	840.0	1.168	29.47
...rk	0.263	0.536	1.	110.3	2.300	0.905	1.080	450.1	0.626	15.79
...en 1,000	2.385	4.860	9.070	1000.	20.86	8.211	9.791	4082.	5.674	143.2
...nc 10	1.144	2.330	4.348	479.4	10.	3.937	4.694	1957.	2.720	68.67
	0.290	0.592	1.105	121.8	2.540	1.	1.192	497.2	0.691	17.44
...er	0.244	0.496	0.926	102.1	2.130	0.839	1.	416.9	0.580	14.63
...1,000	0.584	1.190	2.222	245.0	5.110	2.011	2.398	1000.	1.390	35.09
...ollar	0.420	0.856	1.598	176.2	3.676	1.447	1.726	719.4	1.	25.24
...nc 100	1.665	3.393	6.332	698.2	14.56	5.733	6.836	2850.	3.962	100.

...N MONEY RATES

	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

...uthority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority ...ates nominally three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾-11⅞ per cent; ...trade bills 12 per cent.

...imate selling rates for one-month Treasury bills 11⅝ per cent; two-month 11⅝-11¾ per cent; three ...-11⅞ per cent. Approximate selling rate for one-month bank bills 12⅛ per cent; two-month 12⅛ per cent; ...month 11⅞-11⅞ per cent; one-month trade bills 12¾ per cent; two-month 12¾ per cent and three-month ...

...e Houses Base Rates (published by the Finance Houses Association) 12½ per cent from March 1, 1979. ...ank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. ...asury Bills: Average tender rates of discount 11.0712 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.56
Treasury Bills (26-week)	9.55
GERMANY	
Discount Rate	3
Overnight Rate	4.45
One month	4.50
Three months	4.65
Six months	4.85
FRANCE	
Discount Rate	9.5
Overnight Rate	6.625
One month	6.8125
Three months	7.0625
Six months	7.3125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.75

Sime Darby

This advertisement is placed by Kleinwort, Benson Limited and Aseambankers Malaysia Berhad on behalf of Sime Darby Holdings Limited.

TO THE ORDINARY SHAREHOLDERS OF

GUTHRIE

Sime Darby's Increased Offer has been extended to 2.30 p.m. on Tuesday, 27th March 1979.

You have been subjected to a great deal of misleading information by your Board about the profit and dividend record and prospects of Guthrie. The true picture is set out below.

Gross Dividend per Ordinary Share (Pence/Ordinary share; proposed) 1970 71 72 73 74 75 76 77 78
Earnings per Ordinary Share (Pence/Ordinary share; estimated) 1971 72 73 74 75 76 77 78

Earnings

✱ As you can see from the above graph, earnings per ordinary share, the true measure of growth, have only increased by a mere 10% since 1973.

Dividends

✱ You will see from the above graph the slow growth overall and the massive reduction in dividend in 1975.

✱ Remember that your Board's ability to pay its dividend in 1980 is entirely dependent on the optimistic 1979 profit forecast.

✱ *It is a mistake to suppose that at the offer price your shares give a* high yield. On the 1977 dividend it is 4.1% and on the proposed 1978 dividend 5.8%. Calculations of high yields based on the uncertain dividend to be paid in 1980 are misleading.

To accept this Offer you should hand in a Pink Form of Acceptance and Transfer and Documents of Title to Kleinwort, Benson Limited, New Issue Department, 20 Fenchurch Street, London, EC3P 3DB. Further copies of the Form of Acceptance and Transfer may be obtained from Kleinwort, Benson Limited by telephoning

01-623 8000

The Board of Sime Darby has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. All the Directors of Sime Darby jointly and severally accept responsibility accordingly.

INSURANCE

Damage case judge determines loss

BY OUR INSURANCE CORRESPONDENT

IT IS USUAL in material damage policies, whether commercial or domestic, or covering mobile or immobile property, for insurers to reserve the choice of paying cash, reinstating the property, or repairing the damage, to provide their promised indemnity.

The option is mostly taken for granted by insurers in daily claims handling, although it is from time to time called in question. The application of the option was recently considered by the Court of Appeal in a dispute over an unoccupied cottage.

Judgment in Leppard v. Excess Insurance was given on February 28 and the facts and a summary of Lord Justice Megaw's views are reported in the Solicitors' Journal of March 16.

In 1972, Mr. Leppard bought a cottage for £1,500 but kept it empty and attempted to re-sell; his asking price by October 1975 was £4,500. In 1974 he insured the cottage with the Excess, for £10,000, which he declared to be the full value: the cost of reinstatement in the event of total destruction.

At renewal in 1975 he increased the sum insured to £14,000. In October 1975 the cottage burned down and there arose a dispute.

The first was on whether insurers should pay at all. That was resolved in favour of Mr. Leppard in the court below.

The second was over how much the insurers should pay. The trial judge awarded Mr. Leppard £8,694, the agreed cost of reinstatement plus interest for having to wait for his money. The insurers appealed against the amount.

Lord Justice Megaw, examining the policy and the indemnity option clause, went back to first principles. The policy promised that the company would "at its option, by payment, reinstatement or repair, indemnify the insured in respect of a loss or damage caused by fire."

The first question, the judge said, was whether on the true construction of the policy, the policyholder could require insurers to pay the cost of reinstatement, whatever that might be, on the assumption that the loss he had suffered must be less. Having firmly answered "No" to that question, the judge proceeded to determine, on the facts of the case, what was the extent of the loss.

As to principle, Mr. Leppard's counsel had referred to the declaration signed in the 1974 proposal form and argued that since the full value stated there was defined as reinstatement cost, and since there had been a total loss, that reinstatement cost was the appropriate measure of indemnity, regardless of whether it was the actual loss.

Lord Justice Megaw said that that was not so. In his view, full value, the cost of reinstatement was the maximum amount recoverable under the policy: but nowhere did the policy say expressly or by inference that that maximum was to be recoverable if it exceeded the actual loss. In short, Mr. Leppard was entitled to recover only his real loss and the court had to calculate that.

On the evidence, Mr. Leppard had had an empty cottage for sale, for which just before the fire he would have gladly taken £4,500, or perhaps less. Since the value of the site was agreed to be £1,500 and he could still sell the site, his real loss must be £3,000. That was the sum the court awarded.

It is important that the cottage was empty and that the policyholder was trying to sell it. Arguably, had he been in occupation and anxious to continue to live there, the court might have reached a different conclusion unless the insurers could have shown that there were available at close hand other similarly priced properties into which the policyholder could have moved.

APPOINTMENTS

Robert Fleming post changes

ROBERT FLEMING GROUP has made the following appointments from April 1. On the retirement of Mr. D. N. Shambrook as company secretary of Robert Fleming Holdings, Mr. Alan Wood is appointed to the new position of group secretary and controller. Mr. Hideo Shiozumi is elected a director of Robert Fleming Investment Management. Mr. A. S. Peterkin becomes company secretary and Mr. M. G. Bensley and Mr. D. J. Miller are appointed managers. Mr. Peterkin is also appointed company secretary of Robert Fleming and Co. and Mr. K. R. Ellis and Mr. L. R. Lynch become managers. Mr. A. West has been made a manager of Investment Trust Services.

*

Mr. G. A. Flint has been appointed to the board of YORK TRAILER HOLDINGS as group deputy managing director—operations. He will be responsible for the total manufacturing activity of all York Group companies.

*

Mr. W. D. Mulholland has been appointed a director of STANDARD LIFE ASSURANCE COMPANY.

*

Mr. W. Graham Thomson has been appointed a managing director of WARDLEY MIDDLE EAST, the Dubai-based merchant bank of the Hongkong Bank Group.

*

Mr. Bernard Howard has been appointed managing director of the MODERECTOR GROUP in succession to Mr. Charles Jane, who has become chairman of the group.

*

Mr. Oswaldo Roberto Colin, currently deputy chairman of the BANCO DO BRASIL, has been appointed chairman. Mr. Eduardo de Castro Neiva, hitherto executive director of the international division (foreign branches and affiliates) of the bank, has been appointed deputy chairman in charge of the international area, which comprises three departments directed by: Mr. Antonio Machado de Macedo, at present general manager for the bank's foreign branches, who has been appointed director of international operations; Mr. Cesar Dantas Bacellar Sobrinho, who will continue as director of the bank's foreign exchange; and Mr. Fernando Baptista Martins, currently director of the Brazilian Coffee Institute, who has been appointed director of administrative resources for the international division of the bank.

*

Mr. John Shingler has been appointed director of sales UK, HOLIDAY INN INTERNATIONAL.

*

Mr. R. C. Speller has been appointed manager property investment department of PHOENIX ASSURANCE from April 17.

*

Mr. J. F. Cassie and Mr. W. B. Prince have become members of The Stock Exchange and associated members with ALBERT E. SHARP AND CO., stockbrokers.

*

Mr. David Hunter has been elected to the Board of NU-SWIFT INTERNATIONAL and NU-SWIFT INDUSTRIES and appointed export sales director. Mr. Michael J. Cotton has been appointed an associate director of Nu-Swift International, while Mr. Arthur Mellor becomes home sales manager of that company.

*

Mr. J. L. Cooper has been appointed a director of FURNESS-HOULDER (COMMERCIAL SERVICES), a subsidiary of Furness-Houlder (Insurance).

*

Mr. David Fleming and Mr. Roger Walton have been elected non-executive directors of ENERGY EQUIPMENT.

*

Mr. R. M. Denning has taken up a new appointment as OCL's general manager in JEDDAH.

*

Mr. F. E. Brindley has been appointed to the Board of SIMON-HARTLEY as financial director and company secretary. He fills the Board vacancy created last year when Mr. A. Statham, then financial director, became president of Simon-Hartley's American subsidiary, Ashbrook-Simon-Hartley Inc. of Houston, Texas.

TEL AVIV

Company	Prices Mar. 25 1979	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel...	328	− 19.0
IDB Bankholding	401	+ 2.0
Bank Hapoalim Br. ...	678	+ 5.0
Union Bk. of Israel Br.	379	− 16.0
United Mizrahi Bank...	214	+ 1.0
Hassneh Insurance Br.	390	− 8.0
General Mort. Bank Br.	369	− 10.0
"Tefahot" Isrl. Mt. Bk.	344	− 11.0
Land Development		
Africa Israel Inv. I£10	945	− 20.0
Israel Land Devpt. Br.	220	− 10.0
Property and Building...	320	− 14.0
Public Utility		
Israel Electric Cpn....	296	− 11.0
Investment Companies		
Bank Leumi Invest. ...	351	− 20.0
"Clal" Israel Invest.	483	+ 60.0
Discount Invest.	291	− 5.0
Commercial and Industrial		
Alliance Tire & Rubber	1,400	− 55.0
Elco Br.	229	− 14.0
Argaman Textile Br. ...	320	− 8.0
"Ata" Textile "B" ...	199.5	+ 2.5
Amer. Israeli Ppr. Mills	7618	+ 71.0
Assis	380	− 10.0
Elite	315	− 3.0
Teva Reg.	675	− 3.0
Fuel and Oil		
Delek	193	− 6.0

Source: Bank Leumi Israel BM, Tel Aviv.

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 19	Mar. 16	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	859.75	861.31	857.76	856.31	857.59	852.82	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.95	84.49	84.65	84.67	84.66	84.85	89.86 (4/1/78)	84.09 (15/1/79)		
Transport	218.75	218.20	217.42	216.38	218.41	217.28	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.70	104.58	104.26	103.73	103.59	103.25	110.98 (3/1)	97.73 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	35,620	34,260	31,120	27,280	34,780	31,770				

◆ Day's high 867.20 low 855.08

	Mar. 16	Mar. 9	Mar. 2	Year ago (approx)
Ind. div. yield %	5.80	5.87	6.04	6.06

STANDARD AND POORS

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 19	Mar. 16	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
‡Indust'ls	115.45	115.54	115.85	112.14	112.76	112.35	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	101.60	101.67	101.25	100.56	101.06	100.69	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 21	Mar. 14	Mar. 7	Year ago (approx.)
Ind. div. yield %	5.03	5.11	5.17	5.47
Ind. P/E Ratio	8.58	8.44	8.93	8.43
Long Gov. Bond Yield	9.02	9.02	9.01	8.16

N.Y.S.E. ALL COMMON

Mar. 23	Mar. 22	Mar. 21	Mar. 20	1978-79 High	1978-79 Low
57.08	57.08	56.84	56.45	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Mar. 23	Mar. 22	Mar. 21
Issues Traded	1,903	1,894	1,859
Rises	757	925	687
Falls	667	504	630
Unchanged	479	455	452
New Highs	[illegible]	[illegible]	[illegible]
New Lows	[illegible]	[illegible]	[illegible]

EUROPE

WALL STREET

NEW YORK

CANADA

Eurobar
uxen
Syndicate

Kenneth Gooding on how the Nigerian Government plans to create its own automotive industry

Nigeria's drive for self-sufficiency

A DOG was sacrificed to the God of Iron—in the shape of a heap of Land-Rover and Leyland truck components—at an informal ceremony to mark the opening of Black Africa's first commercial vehicle manufacturing plant, set up by Leyland Nigeria.

At the formal opening a day later, Lt.-General Olusegun Obasanjo, the Head of State, made another, less-dramatic invocation of help from the deity. He poured a libation of palm wine on the bonnet of the first Land-Rover from the production line.

The traditional ceremonies were an odd contrast to the plant itself which matches any other modern commercial vehicle factory in the world.

The plant is a symbol of Nigeria's determination to have its own automotive industry. It will not just assemble imported components but will make quite a few of its own—to start with, Land-Rover chassis, truck cabs and pressings this year.

The aim is to take the content of Nigerian components as close as possible to 100 per cent by 1990. If this is to be the case, and the plan is for local content to be increased by 10 per cent by value each year from now, the component industry will have to develop fast.

The Leyland Nigeria plant is not the only one ready to come on stream. It is just the first of four, all built with help from European groups.

It is only three years ago that the Nigerian Government decided, as part of a programme to make the country self-sufficient in both industry and agriculture, that a local commercial vehicle business should be set up. Demand for vehicles was already rising and since then sales of trucks have roared ahead from 13,500 in 1975 to 26,000 the following year and a peak 34,500 in 1977.

Twenty companies tendered to assist with the development of a Nigerian industry. Leyland Vehicles of the UK (BL's truck and bus division), Fiat of Italy, Daimler-Benz of West Germany and Steyr of Austria were chosen.

They each have 40 per cent of the shares in Nigerian companies set up 30 months ago with the rest held by the Government (35 per cent) and other Nigerian interests.

Leyland's plant is at Ibadan about 120 kilometres from Lagos. If the present timetable is kept, Steyr's factory at Bauchi in the north of the country, will come on stream in June. It will be operated by a company called Steyr Nigeria.

The Fiat-managed group, called Nigerian Truck Manufacturers, has its factory at Kano, also in the North, and should be open in September.

Anambra Motor Manufacturers, the Daimler-Benz concern, will operate from Enugu in the East but is not expected to be in operation until next April at the earliest.

Each of the plants will have the capacity to produce around 7,000 trucks a year—the Fiat one by operating a double shift system. Only Leyland Nigeria has a licence to produce four-wheel-drive vehicles and will be able to produce 4,000 to 5,000 Land-Rovers and Range Rovers a year and 7,000 to 8,000 trucks for its plant has a single-shift capacity of 12,000 units. Assembly of American Motors' Jeep swas ended last year.

The truck makers reckon demand in Nigeria, a country with the magic combination of oil and plenty of people—80m to 100m is the unofficial estimate—to spend the revenue, might climb to an annual 50,000 commercial vehicles of over 3.5 tons. To put this in perspective, sales in the UK of similar vehicles in 1978 reached 70,445.

Severe deflationary measures by the Government cut the market dramatically back to 22,500 last year but the manufacturers expect this to be a temporary set-back.

Protection

In the meantime, however, local truck distributors are suffering severely from the sharp downward trend in sales coupled with the efforts of a Price Commission which, among other things, uses its very own currency conversion rates based on out-of-date figures. So far about 6,000 employees have been shaken out by the massive retrenchment now going on in the commercial vehicle distribution business.

When it awarded contracts to the European groups the Nigerian Government promised to take "adequate steps to protect indigenous manufacturers," including the imposition of duty barriers and licensing controls.

The import of built-up trucks was supposed to end in March, for example. But the manufacturers feel the Government is now beck-pedalling somewhat on the protection issue.

And a ban on built-up imports would not remove Bedford trucks from the market. Bedford trucks captured 20 per cent of the total market in the last quarter of 1978 so that they were only slightly trailing market leader Daimler-Benz (using the Mercedes name) with 22 per cent and were well ahead of Leyland, 16½ per cent, Fiat, 12 per cent and Steyr, 2 per cent.

Bedford is in a similar, but not identical, privileged positon in Nigeria. The trucks are assembled from kits and sent out from the UK (Bedford is part of General Motors' Vauxhall subsidiary) at a plant at Apapa which was set up as long ago as 1959. The plant is operated by a subsidiary of UAC of Nigeria which is 60 per cent owned by Nigerian interests (including a Government stake) and 40 per cent by UAC International, the Unilever offshoot.

At present it has the capacity to assemble just over 5,000 TJ and TK trucks a year. But the Government has given the go-ahead for a Naira 6.5m ($7.8m) expansion programme so that output could shortly rise to 8,000 a year and eventually to 10,500 trucks in the 6 to 10 tons range.

The Government is being pressed by the four new Nigerian truck makers to give them more precise indications of what protection they can expect during the difficult build-up stage, including protection from the strongly-based Bedford plant.

And there might be an indication of what is to come from the way Nigeria protects it car industry.

Peugeot of France has a car assembly plant at Kaduna and West Germany's Volkswagen has one on the outskirts of Lagos. Both produce about 22,000 to 24,000 cars a year from imported kits—Peugeot's are air freighted from France because the factory is not near a port.

Peugeot has just spent Naira 14m (about $17m) to increase the capacity of its plant to 50,000 cars a year which suggests that, in spite of the air lifting involved, it has been highly profitable.

Nissan of Japan has been given the go-ahead for a plant at Ilorin, right in the middle of the country, and the suggested capacity is 100,000 a year, although this would probably involve some light commercial vehicle manufacture alongside Datsun cars. Originally the intention was that the project should come on stream in 1980 but it seems to have gone cold for the moment.

It certainly looks ambitious when compared with total annual car sales of about 100,000.

Expensive

Cars are relatively expensive in Nigeria and the Government makes sure those imported in built-up form are even more so. A duty of between 50 and 150 per cent of landed cost is charged. And the duty has been increased every year for the past few years.

There was a further clamp down in 1978 when import licences proved difficult to come by. BL's distributors, for example, had to wait until October for details of its 1978 allocation and then were allowed only 1,200 Marinas. (The deadline for getting them in was subsequently extended to March.) The licensing system made it virtually impossible for any Land-Rovers to be imported last year.

A major factor in the future for car sales in Nigeria is a Government car loan scheme currently under review. This has allowed a wide variety of civil servants, medical workers university teachers and so on to get loans on favourable terms from their employers specifically to help them buy cars. There has been an official inquiry into this system and some people feel it will be ended and the job of handing out the loans be shifted to the banks. They would be bound to take a more commercial attitude and that could have a quite depressing impact on the new car market.

Short life

Cars and trucks have a fairly short life in Nigeria. A truck will last up to four years. But vehicle life expectancy is increasing as the country pushes ahead with its motorway and road building programmes to replace the red-dirt roads of the past.

A motorway stretches most of the way from Lagos to Ibadan where the Leyland Nigeria plant is situated and the company believes it has selected the best-possible position. Around 40 per cent of new truck sales are made in Lagos because so many Nigerians believe they can get a better bargain there and there certainly is more choice.

Nigeria is Leyland Vehicles' best market outside the UK: it took more than 5,500 trucks and Land-Rovers in the peak year of 1977, so it was an important one to protect even from a 40 per cent shareholding.

The financial cost to Leyland UK is a relatively modest Naira 6m ($10m) and the rest of the cost of the plant, totalling Naira 42.5m ($71m), has been raised with equity and various loans from the Nigerian Government and other investors.

Compared with this the Fiat plant will cost Naira 42.5m, the Steyr one Naira 45m and the Daimler-Benz factory Naira 50m.

There is, on the face of it, potential for European components groups to get some of the action by moving in to support the manufacturing groups.

Some have been in Nigeria for many years already. Dunlop of the UK and Michelin of France have been making tyres for example and just after the Leyland Nigeria plant was opened Ferodo of the UK, the Turner and Newall subsidiary, brought a £2.5m brake lining factory on stream.

And Pilkington owns 60 per cent of a company which plans by 1980 to have in operation a toughened and laminated automotive glass plant on a site near Leyland Nigeria in Ibadan.

Significantly, both Turner and Newall, through its highly-profitable building materials manufacturing operations, and Pilkington, via Triplex Nigeria, have long experience of the country and the way commercial life is carried on there.

However there are many uncertainties which must make potential newcomers wary. Not the least of these is the forthcoming general election in October at which stage the current military government will hand back political control to civilian politicians.

Component companies will also want to see just how much protection will be given to indigenous truck manufacturers now that their plants are coming on stream.

Leyland Nigeria has bravely pushed ahead and just about hit the target start-up date set when it won its contract. Mercedes has taken a more cautious approach, perhaps to see what will happen when "made in Nigeria" Leyland trucks reach the local market.

There might be customer resistance even though the Government is urging people to "buy Nigerian." On the cars side, for example, there is a widespread feeling, justified or not, that the locally-made Volkswagens are not up to the standard of the imported ones.

So it will be some time before it can be established whether Leyland Nigeria will be able to sell all the trucks it will make and whether the dog that died did not die in vain.

Ashley Ashwood

Lord Stokes (centre) and Mr. J. B. Reardan, director sales and marketing of Land Rover, leaving Gatwick airport on their recent trip to Nigeria for the opening of Leyland's Nigeria's Ibadan plant.

ANT & MACHINERY SALES

ion	Telephone
G MILLS	
in x 10in wide variable speed High Mill.	
in x 9in wide variable speed High Mill.	
in wide fixed speed Two High Mill.	
n x 20in wide Four High Mill.	
in H/P Two High Reversing Mill.	
in wide fixed speed Two High Mill.	0902 42541/2/3
in wide fixed speed Two High Mill.	Telex 33614
T-TO-LENGTH max. capacity mm 2 mm x 7 tonnes coil fully uled and in excellent condition.	0902 42541/2/3 Telex 336414
ATTEN AND CUT-TO-LENGTH LINE .M. Max. capacity 750 mm x 3 mm.	0902 4254/2/3 Telex 336414
NORTON 18in WIDE CUT-TO-TH LINE. Max capacity 15in x 10 s.w.g.	0902 42541/2/3 Telex 336414
STAND WIRE FLATTENING AND ROLLING LINE, 10in x 8in rolls x per roll stand. Complete with edging urk'n head, flaking and fixed recoiler, iging, etc. Variable line speed, ft/min and 0/1,500 ft/min.	0902 42541/2/3 Telex 336414
G LINES (2) 300 mm and 500 mm ty.	0902 42541/2/3 Telex 336414
D TUBE REELING & STRAIGHTENING INE by Platt. Max. capacity 2in Bar tube.	0902 42541/2/3 Telex 336414
((400 mm) IN LINE, NON-SLIP WIRE VING machine in excellent condition. 0 ft/in variable speed, 10 h.p. per (1968).	0902 42541/2/3 Telex 336414
CK (22in x 25 h.p.) IN LINE, SLIP VARIABLE SPEED WIRE VING MACHINE by Marshall Richards.	0902 42541/2/3 Telex 336414
MS4 WIRE DRAWING MACHINES, ft/min with spoolers by Marshall ds	0902 42541/2/3 Telex 336414
50 ft/min SLIP TYPE ROD DRAWING INE equipped with 3 speed 200 h.p. 20in. Horizontal Draw Blocks 22in al Collecting Block and 1,000 lb r. (Max. inlet 9 mm finishing down mm copper and aluminium).	0902 42541/2/3 Telex 336414
17 ROLL FLATTENING AND LING MACHINES, 20in, 36in, 59in 2in wide.	0902 42541/2/3 Telex 336414
ULIC SCRAP BALING PRESS lding and Platt, 85 ton main ram re.	0902 42541/2/3 Telex 336414
OOR CINCINNATI PLATE SHEAR. capacity 1,250 mm x 25 mm M.S. Plate, ete with full range of spares.	0902 42541/2/3 Telex 336414
CEYP SHEAR, max. capacity 50 mm s 75 mm x 35 mm bar, 400 mm x 10 mm spare shear blade).	0902 42541/2/3 Telex 336414
LLY AUTOMATED COLD SAW ble & Lund with batch control.	0902 42541/2/3 Telex 336414
MASSEY FORGING HAMMER— natic single blow.	0902 42541/2/3 Telex 336414
HORIZONTAL BULL BLOCK rmer Norton 75 H/P variable drive.	0902 42541/2/3 Telex 336414
PEED REVERSING ROLLING MILL, ped with 20in dia. x 30in wide rolls. recoilers and 350 h.p. drive.	0902 42541/2/3 Telex 336414
CKERHOFF 100 KW VACUUM TREATMENT FURNACE complete 4 cooling station, vacuum pump and erature control cabinet.	0902 42541/2/3 Telex 336414
ON HYDRAULIC PRESS. Upstroke.	01-928 3131
FORGING MACHINE 4in dia. 750 ton.	01-928 3131
IAN 1⅝ 6SP AUTOMATIC. Reconditioned.	01-928 3131
IAN 2¼in 6SP AUTOMATIC. Reconditioned.	01-928 3131
IAN 2⅝in 6SP AUTOMATIC. Reconditioned.	01-928 3131
INATI CENTRELESS GRINDER. Excellent.	01-928 3131
ER JIG BORER, very accurate.	01-928 3131
ON CLEARING D A PRESS Bed 180" x 96".	01-928 3131
N VICKERS CLEARING PRESS.	01-928 3131
6in x 40in Air Clutch & Brakes as new.	Telex 261771
N SCHULER HIGH SPEED PRESS 200 spm.	01-928 3131
EN GRINDER 36" dia. magnetic chuck.	01-928 3131
EN GRINDER 84" x 24" magnetic chuck.	01-928 3131
OPY LATHE 36" dia x 50". Reconditioned.	01-928 3131
R COPY LATHE TYPE 18/150.	01-928 3131
IAN TURRET PRESS TYPE BRA/41 as new	01-928 3131
T INTERNAL GRINDER 60" dia. Excellent.	01-928 3131
INISH BARRELLING UNIT 36 cu.ft. rub. lined.	01-928 3131
IEUVE LATHE Model 725 25" dia. x 39". Excel.	01-829 3131
NAL COLD HEADEDS ⅜" & ½" dia. recon.	01-928 3131
N DEEP DRAWING PRESS.	01-928 3131
OOR HEAVY DUTY LATHE 38 dia. x 10 ft.	01-928 3131
NNATI No. 3 HORIZONTAL MILL.	01-928 3131
CENTRE LATHE, 26" dia. x 14 ft.	01-928 3131
R & COLMAN 16-16 HOBBER, as new.	01-928 3131
MOND COPY LATHE 8' 6" B/C. Recond.	01-928 3131

COMPANY NOTICES

DAIWA SEIKO INC.
NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that, further to the Notice of 21st November, 1979, informing EDR Holders of a free distribution of Ordinary Shares of Common Stock ("Shares") at the rate of one share per ten Deposited Shares, EDRs in denominations of 10 each representing the new Shares, will be available for collection against surrender of Coupon No. 4 with effect from 12th April, 1979, at the offices of:—

Robert Fleming & Co. Limited
8, Crosby Square, London EC3A 6AN.
Banque Internationale a Luxembourg S.A.
2, Boulevard Royal, Luxembourg.

This is to notify EDR Holders that at the Meeting of the Board of Directors held on Thursday, 15th March, 1979, it was resolved that an interim dividend of Yen 3.75 per share, corresponding to an annual dividend rate of 15 per cent will be paid to all EDR Holders on record as at 31st January, 1979, upon presentation of Coupon No. 5 on or after 25th April, 1979, as under:—

(a) At the offices of the Agent:— Banque Internationale a Luxembourg S.A. 2, Boulevard Royal, Luxembourg, or

(b) At the offices of the Depositary:— Robert Fleming & Co. Limited, 8, Crosby Square, London EC3A 6AN.

In the case of (b), unless persons depositing Coupons request payment in U.S. dollars (in which case they must comply with any applicable Exchange Control regulations) payment will be made in United Kingdom currency at the prevailing rate of exchange on the day the proceeds are remitted to the Depositary.

Coupons may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m. and must be left for five clear business days for examination.

United Kingdom income tax will be deducted from Coupons paid in the United Kingdom at the offices of the Depositary unless such Coupons are accompanied by declarations to the contrary in accordance with Inland Revenue requirements.

Japanese withholding tax will be deducted at the applicable rate on all dividends paid against Coupons upon completion by the EDR Holders of declarations of residency, such documents being available at the abovementioned offices of the Depositary and the Agent.

Note:
Copies of the Interim Report are available upon request at the offices of the Depositary and the Agent.

ROBERT FLEMING & CO. LIMITED
Depositary
London.
26th March, 1979.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 5½% First Debenture Stock 1979/83 of this Company will be closed from 17th to 30th April 1979, both dates inclusive.

A. G. COLES, Secretary.
Victoria Street, London, S.W.1.
22 March, 1979.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% First Debenture Stock 1977/80 of this Company will be closed from 1st to 14th May 1979. both dates inclusive.

A. G. COLES, Secretary.
Victoria Street, London SW1.
22 March 1979.

JAMES WALKER GOLDSMITH AND SILVERSMITH LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Ordinary and Non-Voting Ordinary shares will be closed from 9th April to 17th April, 1979, both dates inclusive, for payment of an Interim Dividend on 27th April, 1979.

J. S. CUSHNIE, Secretary.

UK/USA WESTBOUND RATE AGREEMENT
NOTICE TO SHIPPERS AND CONSIGNEES
INLAND RATES/CHARGES IN ENGLAND, SCOTLAND AND WALES

The member lines of the UK/USA Gulf Westbound Rate Agreement, No. 8770 hereby inform shippers and consignees that, as a result of increases incurred in operating costs from sources beyond their control or influence, the current inland rates and charges applicable when they arrange inland transport in the UK at shippers/consignees request are no longer compensatory and accordingly, an upward revision has been found necessary.

Therefore, effective 15th April 1979, inland grid rates and charges are to be increased by 7.5 per cent.

Details of the new rates and charges may be obtained from any of the undernoted lines or their agents.

ATLANTIC CARGO SERVICES AB.
COMBI LINE
THOS. & JAS. HARRISON LTD.
LYKES BROS. S.S. CO. INC.
SEA-LAND SERVICE INC.
UK/USA GULF WESTBOUND RATE AGREEMENT.
Cunard Building, Liverpool L3 1DS England.

DAVIES & METCALFE LTD.

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the Company will be CLOSED from 2nd April 1979 to 6th April 1979 both dates inclusive.

By Order of the Board,
R. ALLEN, Secretary.

TRAVEL

SKI EASTER WEEKEND. 12/4-16/4. Courmayeur from £69. Avoriaz from £119. Inc. flights. Call CPT. 01-351 2191.

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Complementing our diversified Eurocredit capabilities n Luxembourg, we are also active in money market and oreign exchange dealing, as well as fixed-interest security trading.

To find out more about our Eurobanking services just contact:

- Dr. K. Krappe – Managing Director, Syndicated Euroloans;
- L. Ottaviani – Money market and Foreign exchange dealing;
- Dr. H. Braun – Security trading

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Tel.: 47 53 15 (Dealers) · Telex: 1791, 1972 (Dealers), 1793 (Credits)

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

April	10	August	13
May	14	September	10
June	12	October	15
July	9	November	12
	December 10		

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INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS — BY FRANCIS GHILES

Softer days for hard currencies

THE CONTINUING stability of the dollar, U.S. interest rates, and prices in the dollar bond market combined to increase the pressure on the Swiss franc market last week. Investors no longer can see the justification in currency terms for the sharp disparity between yields on Swiss franc bonds and those on dollar issues. The outlook for rising Swiss rates has thus made the Swiss bond market very vulnerable.

Swiss franc bonds, which had fallen heavily the week before last, recovered temporarily on Monday but slumped to their lowest levels this year when it was announced on Tuesday that kassenobligation (medium-term notes) rates would be moved up.

However, bond prices were expected to move up this week because the three big Swiss banks decided they would only float one public issue before Easter and review the situation then.

This decision brings to a close a short period of two and a half months in which the Swiss market has been able to have it both ways. Institutional investors were particularly flush with funds. Demand was thus above average and enabled the market to digest a sharp fall in interest rates and a high volume of new paper without much effort.

The diverging interests of lenders and borrowers showed at first in disagreement over maturity rather than rates. Investors' reluctance to tie up funds too long at prevailing yields was very strong. This led to the maturity on both the Canadian and Australian public bonds to be trimmed from 15 to ten years. It had been the short maturity of the Carter notes which made them so attractive in January.

The steady recovery of dollar bond prices and of the U.S. currency hastened the debacle. Neither the Canadian nor the Australian issue were fully subscribed, the sheer size of the issues adding further to the difficulties the banks found in placing the paper.

The three big banks then decided to freeze new issues for a month, with the exception of one small public issue and a few Japanese convertibles which will be arranged privately.

The terms of the Swiss franc issue for the Pfandbriefstelle Oesterreichische Landeshypothe Kasbanken include a shorter maturity and a higher coupon than the recent issue for another *Austrian bank, OKB. The yield differential* is 14 basis points. One other new issue was announced, a SwFr 40m for Lonrho.

In the dollar sector of the market there was no euphoria last week though the favourable trend visible these past few weeks was sustained. Steady buying by an increasingly wide spectrum of investors continued and pushed most issues up.

In particular, most bonds floated last month during the great new issue rush have performed well and many dealers feel that much of this paper is now in firmer hands than was the case at the end of February.

There were many rumours of new issues last week but no straight bonds materialised. Two floating rate notes were announced, one for IDB International, the other for Bank Bumiputra Malaysia. A $50m 12 year FRN for Banco di Roma through Credit Lyonnais is expected this week. The borrower will probably be paying an interest rate of ¼ per cent above the six month Libor and investors will have the option of redeeming after 1987.

The dollar market appears ready for some new straight debt issues but would wish to be spared the avalanche of last February.

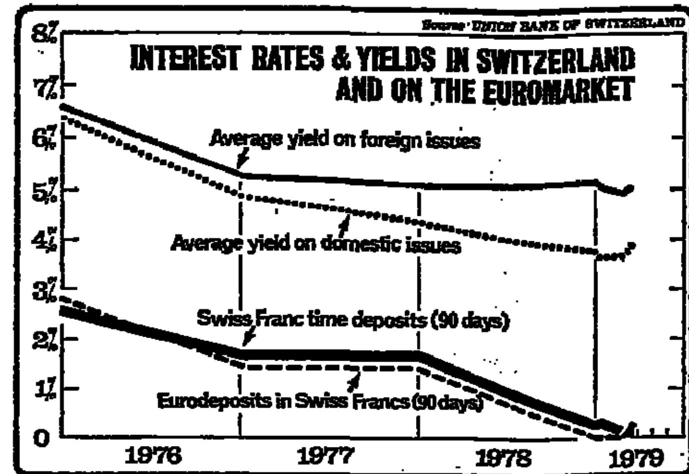
The extraordinary OPEC meeting being held in Geneva today could result in Saudi Arabia imposing a surcharge on exports of crude oil as early as next month. This could again test the U.S. currency which has so far displayed a remarkably firm tone in the face of unilateral increases in oil prices announced by many oil exporters this year.

The sterling sector enjoyed a good week with prices rising sharply last Friday when the likelihood of an early election in the UK sent the London stock exchange index and gilts soaring. The new issue for GEC was well received and was trading at 99¾-100 at the close on Friday. The only other recent sterling issue, for FFI was quoted at 101¾-102¼.

The new issue in French francs, for Solvay, which was announced last Wednesday, was two and a half times oversubscribed by Friday evening.

The manager of the issue, Banque de l'Union Europeene reacted cautiously to this success and was ruling out any change in the terms or the amount for the time being. Placing the paper in firm hands was its brief and it said it would stick to it. Prices of seasoned French franc issues did not move and trading continued to be thin.

The new issue calender in the D-Mark sector is understood to have been fixed at between DM 600m-700m for April by the capital market sub-committee which met on Friday. This figure represents a sizeable increase on the new issue volume for this month (DM 450m) part of which has been postponed. DM prices moved up in the secondary market last week while only one new issue was announced, for RENFE.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡††United Overseas Bank	25	1989	10	6Φ	100	Crédit Suisse First Boston	6.09Φ
‡††CABEI	20	1994	9	7Φ	100	Dillon Read Overseas, IBJ Int.	7.12Φ
†Texas Int. Airlines	35	1986	6.2	7Φ	100	CSFB, Kidder Peabody, Smith Barney	7.12Φ
§Esselte	25	1989	—	7½	100	Hambros, Skand. Enskilda	7.75
‡†**IDB International	30	1984	5	7Φ	100	IDB International	7.12Φ
†Bank Bumiputra Malaysia Berhad	30	1984	5	6½Φ	100	Eur. Banking Co., Morgan & Cie, Nat. Bank of Kuwait	6.61Φ
D-MARKS							
RENFE (g'teed Spain)	100	1987	8	7	*	WestLB	*
SWISS FRANCS							
‡City of Oslo	75	1991	n.a.	3¾	99	Handelsbank	3.86
‡**§Chujitsuya	40	1985	—	3¼	100	Crédit Suisse	3.25
‡**§Sankyo Electric	40	1984	—	3⅛	100	Banca della Svizzera Italiana	3.125
Lonrho	40	1989	n.a.	*	100	Ban. Keyser Ullmann en Suisse	*
Pfandbriefstelle Landes-Hypothbk.	60	1990	n.a.	4	100	Crédit Suisse	4.0
STERLING							
‡General Electric Co.	50	1989	8.2	12½	100	Mor. Grenfell, Mor. Stanley, Paribas, Warburg	12.5
FRENCH FRANCS							
Solvay et Cie	125	1987	7	9¾	*	Banque de l'Union Européenne	*
YEN							
‡Sears Roebuck	20bn	1984	5	6¾	99½	Nomura	6.67
GUILDERS							
‡Indonesia	75	1989	5½	9¼	100	ABN	9.25
LUXEMBOURG FRANCS							
City of Oslo	500	1989	6½	8	*	Kredietbank Lux.	*
KUWAITI DINARS							
‡Finnish Mortgage Banks (g'teed Finland)	5	1989	6.9	7½	99½	KIC	7.575
UNITS OF ACCOUNT							
SOFTE (g'teed STET)	40	1989	8	8½	*	Kredietbank NV	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. Note: Yields are calculated on AIBD basis.

U.S. MONEY MARKETS — BY STEWART FLEMING

A breakthrough in commercial paper

NEW YORK investment bankers Goldman Sachs, who are generally credited with being the driving force behind the initial development of the commercial paper market in the U.S. appear to be on the brink of another breakthrough in the market's development.

The investment bankers confirmed last week they are close to issuing commercial paper for the Australian Resources Development Bank, an Australian banking corporation supported by that country's central bank but with nine commercial banks as its shareholders. The ARDB finances Australian natural resources and development projects.

This development has aroused widespread interest among foreign banks, reflecting the fact that the U.S. commercial paper market has historically represented among the cheapest methods for funding in dollars.

For instance, commercial paper can carry considerable advantages in terms of cost compared with the Eurodollar interbank market, the source of much dollar funding for the international banks at present.

The key step in the process of getting the Australian bank's paper to market has been the securing from the Securities and Exchange Commission of an exemption for the bank from the Investment Company Act of 1940, without which it would be faced with having to go through SEC registration procedures to issue commercial paper. Avoiding SEC registration on issues is a key to the flexibility the commercial paper market offers for short-term financing.

Currently the ARDB's application for exemption from the 1940 Act is in the public review period. It is hoped that this hurdle will by cleared by mid-April and that issues can then go ahead.

Goldman Sachs clearly sees the prospect of a breakthrough here for foreign banks seeking access to the commercial paper market. It says that it is already talking to other foreign banking clients who might be interested in tapping the market.

Since 1966 the commercial paper market has expanded dramatically as a source of funds for a wide range of companies. At that time there was about $13bn of commercial paper outstanding. By the end of last month the total had risen to over $85bn. Many of the companies using the market have found it a cheaper alternative for short-term finance than bank credit.

U.S. commercial banks as such have generally kept away from the market, preferring to raise funds through negotiable certificates of deposit (CD's).

When the 1940 act was passed, U.S. commercial banks were given an automatic exemption from it. But it has not been clear whether this exemption applied to foreign banks too. Unlike U.S. banks, foreign banks are generally not restricted by law from engaging in investment banking operations.

Last year A. G. Becker, another of the investment houses prominent in the commercial paper market as dealers, issued paper for a major Swedish bank, Svenska Handelsbanken without securing an exemption.

Goldman Sachs, however, feels that a specific SEC exemption is required for foreign banks to issue commercial paper. It says that in determining whether or not to grant an exemption, the SEC is looking at the character of the prospective issuer to ensure that it is primarily a commercial bank.

Godman Sachs clearly believes too that there are attractions to foreign banks in getting access for funding in commercial paper *in terms not only of price* but also of other factors, such as the diversification of funding sources.

U.S. BONDS — By DAVID LASCELLES

Blue skies and clouds

THE ATMOSPHERE in the U.S. bond markets improved last week, as interest rate trends became clearer, and this helped push prices up a few points. But the fires of inflation continue to rage and cast a pall over prospects.

The Fed's Open Market Committee meeting on Tuesday held the markets in suspense until mid-week, with a large number of observers convinced that a tightening in credit was necessary to slow the hectic pace of economic activity. However, by the second half of the week, it became clear that no change in credit policy had been decided upon and Fed funds continued to trade at 10 per cent, or slightly over. Market observers read the FOMC's policy as a holding action until firmer evidence emerges as to whether the economy is slowing down, as one or two indicators suggested it might be.

The week's major benchmark came with Southwestern Bell's $450m issue on Tuesday. The 40-year bonds carried an interest rate of 9⅝ per cent and were priced to yield 9.65 per cent, a shade less than the 9.66 per cent on South Central Bell's issue last month.

For the rest of the week, the markets were confused by the on-off $2.88bn Treasury issue of two-year notes. At the last minute, Congress failed to approve the necessary increase in the national debt ceiling, so it had to be postponed. Instead, the Treasury announced the sale of $1.5bn of 15-year bonds next Thursday to raise new cash (which will keep it just under the $798bn debt ceiling) and $3.34bn of one-year bills on Wednesday to refinance a like amount of maturing securities.

Bond prices improved over the week. Government securities rose up to half a point, while yields on seasoned corporate bonds were down a few basis points. The new Bell issue's yield narrowed from 9.65 per cent to 9.625 per cent by Friday.

However, the economic outlook continues to be mixed. The latest Consumer Price Index for February, published on Friday, showed a dramatic 1.2 per cent rise, the largest for 4½ years, prompting President Carter over the weekend to order closer monitoring of price-sensitive sectors, such as food, energy, and medical costs. But there is a growing feeling that his voluntary anti-inflation battle, now in its fifth month, is failing.

On the other hand, the money-supply continues to shrink, and the series of slackening indicators in recent weeks is expected to show a further decline in the index of leading economic indicators due out later this week.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	84	84½	0	+0½	9.81
CECA 9¼ 84-99	50	95⅞	95¾	0	0	9.80
Canada 9 83	400	98	98½	0	+0⅛	9.70
Canada 9¼ 98	350	96¾	96⅞	+0⅛	+0½	9.87
Canadair 8½ 83	70	95½	96	0	+0½	9.76
Dominion Bridge 9 86	25	93⅞	94⅜	0	+0¼	10.17
Dow Chem. O/S 9¾ 94	200	97½	98	+0¼	+0½	9.92
EIB 9¼ 98	125	94	94½	0	−0⅛	10.03
EIB 9¾ 86	150	99⅜	99⅞	−0⅛	+0⅛	9.91
EIB 9⅞ 99	100	99⅞	100⅜	0	+0⅛	10.10
Export Dv. Cpn. 9.85 84	150	100½	101	−0⅛	0	9.88
Export Dv. Cpn. 9¼ 84	100	97⅞	98⅜	0	+0¼	9.81
Eksportfinans 9 86	50	95⅞	96⅜	0	+0⅛	9.73
Finland 9 88	100	94¾	95¼	+0⅛	−0⅛	10.06
Finland 9½ 86	100	97¼	97¾	−0⅛	+0⅛	10.01
GTE Fin 9½ 84	50	98	98½	0	+0¼	9.96
Gould Int. Fin. 9¾ 85	50	99⅝	100⅛	0	+0⅛	9.77
Hospital O/S 9 83	25	97¼	97¾	+0⅛	+0⅛	9.68
Hudson Bay Co. 10 94	50	100½	101	0	+0⅛	9.90
Itel Finance 9¼ 90	30	94½	95	+0⅛	+0¼	10.54
J. C. Penney 8½ 83	100	95⅝	96⅛	+0⅛	+0⅛	9.53
Manitoba 9½ 89	75	97	97½	0	+0¼	9.95
Nat. West. 9 86	75	96½	97	0	+0⅜	9.63
New Brunswick 9¾ 94	75	97¾	98¼	+0⅛	+0¼	10.01
Newfoundland 10 94	50	98½	99	−0⅛	+0⅛	10.16
Norsk Hydro 9¼ 94	50	95⅛	95⅝	+0⅛	+0¼	9.85
Norway 8¾ 83	150	96⅞	97⅜	0	+0⅛	9.81
Norway 9¾ 84	150	100⅜	100⅞	+0⅛	+0⅛	9.81
Portland 10 84	50	97½	98	+0⅛	+0½	10.60
Quebec Hydro 9½ 93	50	96¾	97¼	0	+0⅛	9.91
Redland Fin XW 9½ 91	25	92⅝	93⅛	+0⅛	+1	10.57
Sears Roebuck 9 82	150	98⅜	98⅞	0	+0½	9.56
Stockholm 9⅞ 94	60	99⅛	99⅝	+0⅛	+0⅛	10.07
UK 8½ 85	200	95¼	95¾	−0⅛	−0⅛	9.71
UK 8⅞ 93	150	94⅞	95⅜	0	+0⅛	9.73

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	96	96½	+0⅛	−0½	6.11
Argentina 6½ 88	150	†93½	94½	+0⅛	−0½	7.41
Australia 6 88	250	99⅜	99⅞	+0⅛	0	6.05
Austria 5¾ 90	150	92¾	93½	0	+0⅛	6.63
Banco Desarrollo 7¼ 86	100	98⅛	98⅝	−0⅛	−0⅛	7.58
Bankamerica 5¾ 90	150	97½	98	0	−0⅛	6.02
Bq. Ext. Algerie 7¼ 85	100	97½	97⅞	+0⅛	+0½	7.73
Brazil 7¼ 87	150	100	100½	−0⅛	−0⅛	7.20
CECA 6 88	150	96⅝	97⅛	−0⅛	−0⅛	6.44
Ch. Manhttn. O/S 6 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank XW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electrobras Brazil 7 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Ship. 5¾ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia 7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe, City of 5¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mexico Fin. 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Petro. 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Kokan 7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Steel 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro Brazil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UBS Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bank Finn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Exp. Int. 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 3¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Smidth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heron	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Nokia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	[illegible]	[illegible]	[illegible]	[illegible]	7.55
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.68
Australia 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.59
Finland 5.6 83	10	[illegible]	[illegible]	[illegible]	[illegible]	6.87
Finland 6.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	7.86

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Auto Cote B. 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komm. Inst. 7¼ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Panama 8¼ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE Mexico 7¼ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¼ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elf Aquitaine 9¾ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9¼ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PSA Peugeot 9¾ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Oil 9¾ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever 10 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 8¾ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance for Ind. 13 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fisons 10½ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer Lux. 8 86 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland I. P. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7¾ 83 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Km. 8 86 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 7¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay Fin. 8 85 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Bk. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Int. Bank M6.5 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFG Fin. Co. M5.5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bco. El Salvador M8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bco. Nac. Argent. M6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Urquijo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banque Worms	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ext. d'Alg.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Indo et Suez	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. I. Af. Occ.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ch. Man. O/S	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gotabanken	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ljubljanska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Int.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nipp. Crdt. Bk.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro Mexicano	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privredna Banka	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chrt. M5.5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sundsvallsbanken M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baker Int. Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F 4 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola Bottling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ito-Yokado	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Novo Industri 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Air.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn Int. Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tyco Int. Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Casio Co. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Izumiya DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jusco DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marudai Food DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata M. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nipp. Air. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Yus. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissan Diesel DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olymp. Opt. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Co. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stanley Elec. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Ld. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio-Knwd. DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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BONDTRADE INDEX AND YIELD

	Medium term		Long term	
March 23	95.17	8.65	88.99	9.37
March 16	95.17	8.67	88.89	9.39
High '79...	95.75	(1/2)	89.99	(30/1)
Low '79...	94.40	(11/1)	88.67	(28/2)

EUROBOND TURNOVER (nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	612.7	1,440.7
Previous week	576.4	1,678.0
Other bonds		
Last week	368.9	464.4
Previous week	291.1	405.0

* No information available—previous day's price.

† Only one market maker supplied a price.

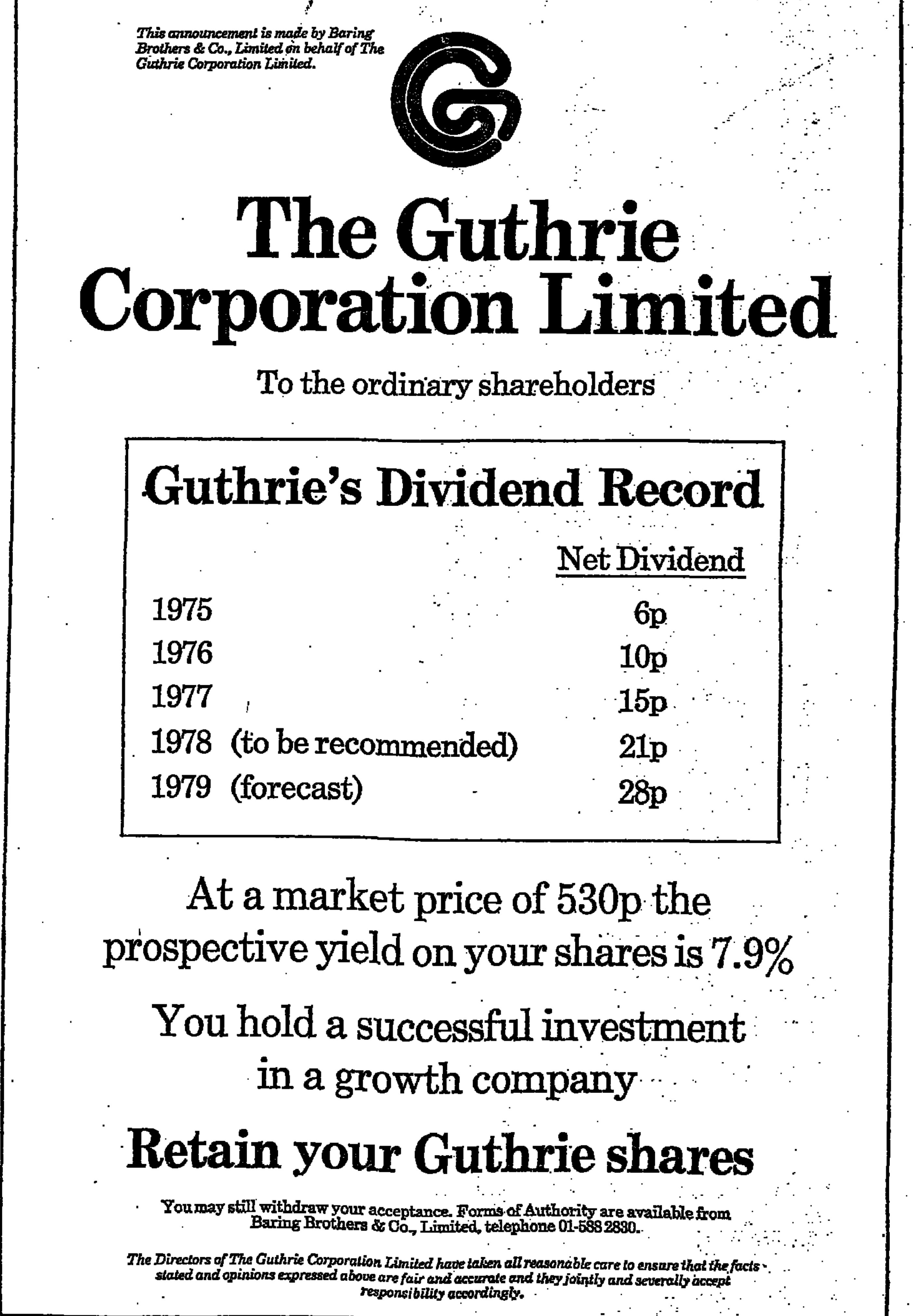
STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. M=*Minimum coupon*. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

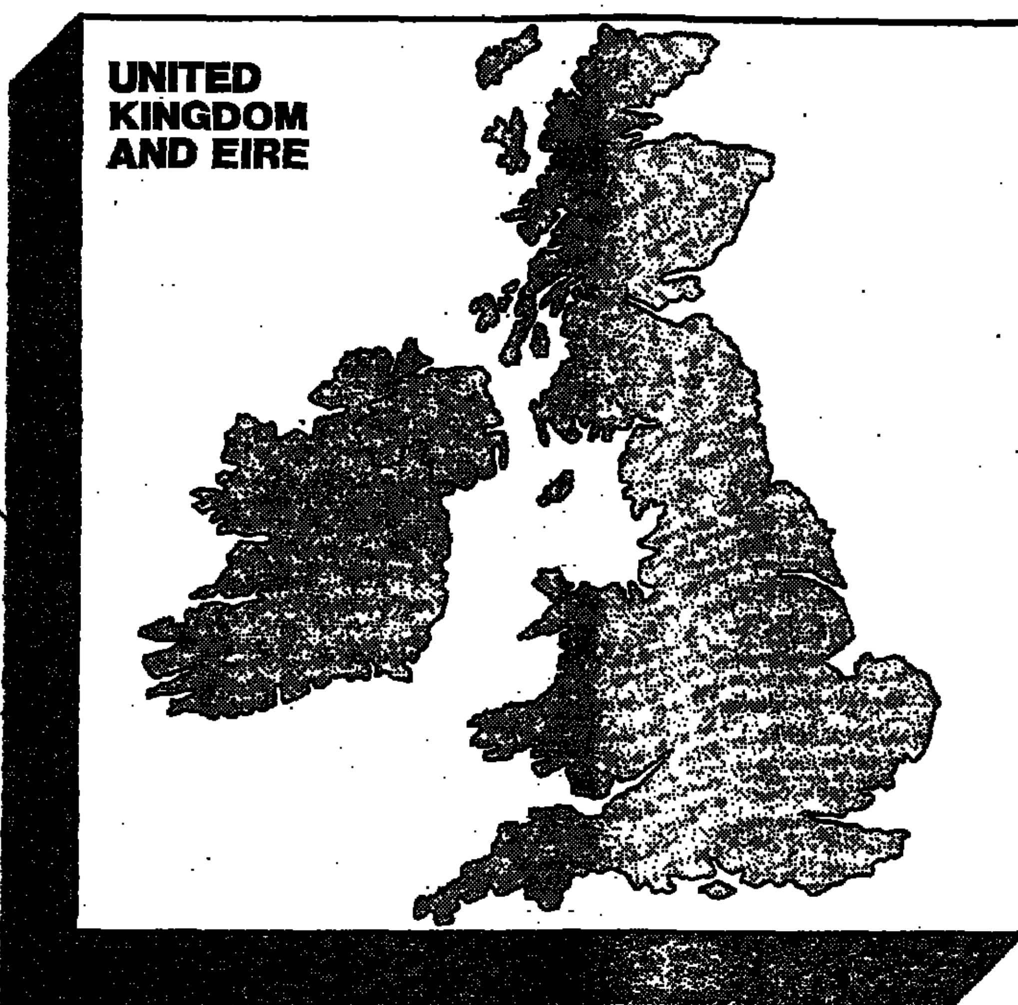
Closing prices on March 23



هكذا من الأصل

"There is a pride in the size, success and the capability of the Group...which is to be seen all over the world, wherever we are active."

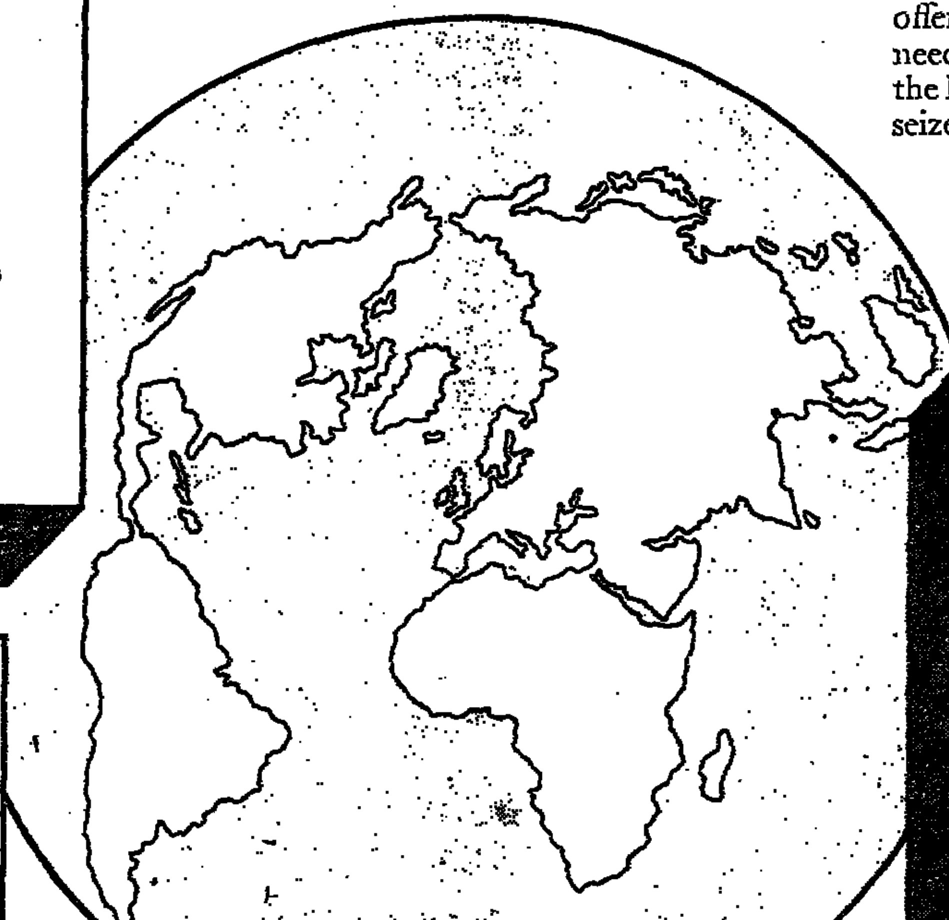
Robert Leigh-Pemberton, Chairman.

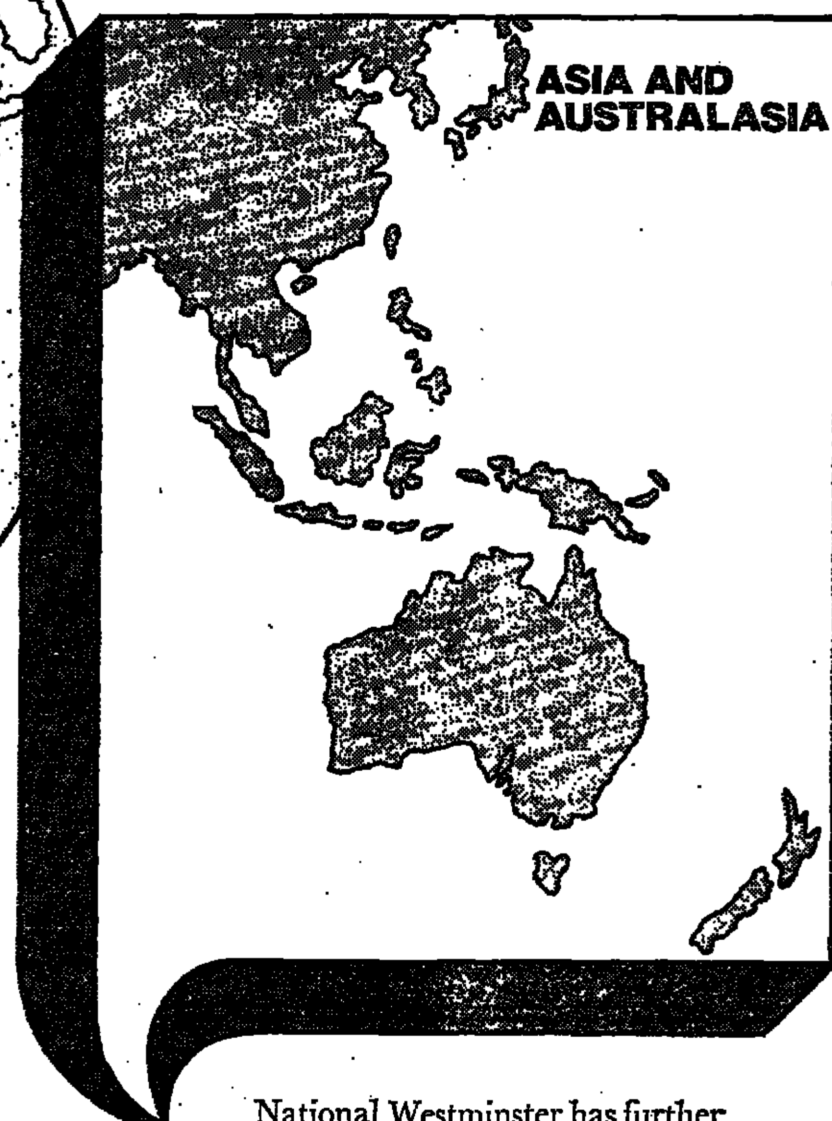


The 1978 results of our Domestic Banking Division, which showed a highly satisfactory increase of 35% on 1977, owed little to the impact of interest rates which on average were only marginally higher than in 1977. We saw a significant increase in resources and, despite the fact that demand from industry for borrowing has been generally subdued, there have been increases in agreed facilities for use in the future.

Related Banking Services Division which provides a wide range of services designed to complement the traditional functions associated with the Bank achieved a 14% increase in its contribution to Group profits.

Economic and political uncertainties have already clouded the business outlook for 1979 in the UK. But we offer a very competitive range of services well suited to the needs of the commercial and personal customer and with the level of resources now devoted to marketing we can seize any opportunities which may develop.





The major development in the international field during the year, was the agreement in principle to purchase 75.1 per cent of the share capital of the National Bank of North America (NBNA). The definitive contract for the purchase was signed last August but some of the regulatory approvals which are necessary, before the acquisition can be finalised, are still awaited.

This acquisition would fulfil the Group's long-standing wish to establish a greater presence in the United States compatible with our standing as a leading provider of international banking and financial services.

Most of our operations in Europe are conducted through subsidiary or associated banks; our subsidiaries all contributed improved figures.

International Westminster Bank, through which a major part of our Eurocurrency lending is channelled, recorded a 30 per cent rise in pre-tax profit to £43.8 million in 1978, in spite of official restraints and subdued trading conditions which affected our branch operations in Belgium and France.

National Westminster has further strengthened its representation in Hong Kong and Singapore and a new representative office was opened in Melbourne in 1978.

Plans for the future include further expansion of our presence in Australia and the establishment of a representative office in India.

Figures taken from the Group's Accounts 1978

Ordinary share capital	£228 million
Reserves	£1,085 million
Current, deposit and other accounts	£20,228 million
Advances	£14,068 million
Group profit after allocation to staff profit-sharing	£297 million
Tax	£112 million
Retained profit	£153 million

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP.

Salient Points from the Chairman's Statement to shareholders

- The 25% increase in pre-tax profit derives principally from significant growth in the level of the Group's business and a further improvement in bad debt experience.
- Substantial growth has resulted from the demands for aerospace finance and, as we anticipated last year, from the development of energy and natural resources worldwide. We have continued to give high priority to the finance of UK exports, with ECGD-backed foreign currency facilities prominent.
- 1978 saw the completion of two of our three major building projects: the new Coutts HQ, and the management services centre at Goodmans Fields.
- The Bank's Social Policy Committee continues to meet regularly under my Chairmanship to review issues of social importance and to examine ways in which we can help to improve the quality of life of the community of which we are a part.
- We look forward to making a significant contribution to greater economic prosperity, both at home and around the world.
- Keen general interest continues to be shown in small businesses and the Bank, which has a strong awareness of the importance of this sector to its overall business, has introduced some pilot projects to see if they identify further needs in this significant area of the economy.

National Westminster Bank Group

One of the world's leading banks

CONTRACTS AND TENDERS

IBAR-LEPENAC PROJECT YUGOSLAVIA

Ibar-Lepenac Enterprise calls for International Competitive Bidding for construction of the following structures of the Ibar System:

(1) Irrigation and drainage system of the North Kosovo II Field covering net area of about 6,000 hectares;
(2) Pumping station for drainage system and mobile pump units;
(3) Transmission lines;
(4) Administration building.

The work envisages complete construction of the structures stated above, including delivery and erection of pumping station equipment and mobile pump units.

The Tenders for the above works are open only to Tenderers from member countries of the International Bank for Reconstruction and Development and from Switzerland.

The Tenderers who desire to take part in the Competitive Bidding can obtain the Tender Documents from the offices of Ibar Lepenac Enterprise, Pristina, Lenjinova Street No. 13, from 26th March, 1979.

The charge payable for Tender Documents shall be 3,600 Dinars for local Tenderers and the equivalent of 200 US Dollars for foreign Tenderers which shall not be refundable. The Tenderers shall be furnished with two complete sets of Tender Documents.

The local Tenderers shall deposit their charge in favour of the Account No. 6S4-00-601-838 held with the Government Auditing Office, Branch Office, Pristina.

The foreign Tenderers shall deposit their charge in favour of the Account No. 6S4-00-620/58-32000-72 held with the Kosovo Bank, Pristina, endorsed with the words "For Ibar-Lepenac."

The Tenders shall be delivered not later than 5th June, 1979, at 10.00 a.m. when the Tenders received shall be opened in the offices of the Employer.

The visit to and examination of the site shall be made on the 16th and 23rd April, 1979, departure time at 10.00 a.m. from Ibar-Lepenac *Enterprise, Pristina, Lenjinova Street 13.*

Any other information that may be necessary is obtainable from Ibar-Lepenac Enterprise (at the above-mentioned address) or from Energoprojekt Engineering and Consulting Company, Zeleni Venac Street No. 18, Beograd, Yugoslavia.

ARGENTINE REPUBLIC
Ministry of Economy
State Secretariat of Energy
Hidronor S.A.
Hidroeléctrica Norpatagónica Sociedad Anónima
Alicopa Complex
Alicurá Hydroelectric Project

Prequalification of contractors:

Contract 540 t: hydraulic turbines

In connection with a subsequent call for tenders for design, manufacture, transport, erection, testing and putting into commercial operation of three (3) vertical shaft Francis type turbines, each rated 257 MW at a net head of 116 m, and associated equipment Hidronor will receive and analyse the qualifications and references of those firms or consortia of firms that have adequate technical and financial capacity and wish to take part in the call for tenders.

Contract 540 g: generators

In connection with a subsequent call for tenders for design, manufacture, transport, erection, testing and putting into commercial operation of three (3) synchronous generators rated each 280 MVA, suitable for coupling to vertical shaft Francis type turbines, and associated equipment, Hidronor will receive and analyse the qualifications and references of those firms or consortia of firms that have adequate technical and financial capacity and wish to take part in the call for tenders.

Terms of reference:

The procedure for submission of data for this purpose is set out in corresponding prequalification documents which may be obtained either from Hidronor S.A., Av. Leandro N. Alem 1074, 4th Floor, 1001 Buenos Aires, Argentina, or at the main offices of Electrowatt Engineering Services Ltd., P.O. Box Bellerivestr. 36, CH-8022 Zurich, Switzerland, and SWECO AB, P.O. Box 5038, 2, Linnegatan, S-102 41 Stockholm 5, Sweden, as from March 19, 1979.

The envelopes containing the qualifications and references of the firms or consortia concerned must be submitted to Hidronor S.A., Av. Leandro N. Alem 1074, 1001 Buenos Aires, Argentina, before 4 pm, May 7, 1979.

GOVERNMENT OF YEMEN ARAB REPUBLIC
Ministry of Education Implementation Unit
IDA Education Project
P.O. Box 96 — Cable: PROJED — Telex: 2405 EPIU YE
INVITATION TO CONTRACTORS

Contractors are invited to Tender for the construction of Agricultural Secondary School at Surdud, Yemen Arab Republic.
Tender Documents are available at the Implementation Unit Ida Education Project, P.O. Box 96, Sanaa, Yemen Arab Republic, against a payment of U.S. Dollars 300, starting March 24, 1979.
Precast R.C. companies are invited to submit their offers for an alternative based on their construction systems.
Closing date of Tender will be June 7, 1979, 10.00 a.m. Offers will be opened at the same time in the presence of the company representatives.

CONTRACTS AND TENDERS

Advertisements appear every Monday

Rate:
£15 per single column cm
Minimum three cm

For further information regarding advertising please telephone.

FRANCIS PHILLIPS
01-248 4782

THE ENTREPRISE TUNISIENNE D'ACTIVITIES PETROLIERES (ETAP)

a Tunisian public institution acting for the Tunisian State calls for an international tender for the attribution by the Tunisian State of two off-shore Blocs open for exploration, located east of the Kerkennah Islands in the Gulf of Gabes, Tunisia:

— Approximate General Location Area
34° 30'—35° 00' North
11° 20'—12° 12' East
— Bloc One: "Gabes Septentrional Est" covering about 550 km².
— Bloc Two: "Gabes Septentrional Ouest" covering about 2,400 km².

Interested oil companies are invited to consult and retrieve, starting April 2, 1979, from ETAP (Exploration Department), 11, Avenue Khereddine Pacha, Tunis, Tunisia. Telex 12128, Tel. 287 188, all tender documents which consist of:

— A standard joint venture agreement which will be signed between ETAP and the successful company at a later date.
— A standard convention and a memorandum of obligations to be signed at a later date between the Tunisian State on one hand and ETAP and the successful company on the other.
— Available technical documents to be consulted in ETAP's offices.

against payment to ETAP of 50 Tunisian Dinars, oil companies Upon consultation and retrieval of above listed documents, have until May 15, 1979, to forward to ETAP their sealed bids.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	5.30	16.00
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Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses for Sale/Wanted	6.25	19.00
Education, Motors, Contracts & Tenders, Personal, Gardening	5.00	15.00
Hotels and Travel	3.00	12.00
Book Publishers	—	8.00

For further details write to:
Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra
Financial Times, 10, Cannon Street, EC4P 4BY.
Classified Advertisement Manager.

REPUBLIC OF KENYA
NATIONAL IRRIGATION BOARD
INVITATION TO TENDER

BURA IRRIGATION SETTLEMENT PROJECT
CONTRACT NO. 5—HYDRAULIC STRUCTURES
PUMP STATION AND IRRIGATION AND DRAINAGE SYSTEM

Tenders are invited for Contract No. 5 which includes the construction of hydraulic structures at locations along the route of the supply and main canal, the construction of a pump station at the head of supply canal and the construction of an irrigation and drainage system in an area of about 7,300 hectares gross. The supply and supervision of erection of pumping plant and water control equipment are the subject of nominated sub-contracts for which tenders have already been invited.

The site of the Works is on the west bank of the Tana River about 50 km north of Hola in Tana River District of Coast Province. The distance to Nairobi is 480 km and to Mombasa, 370 km.

The Works are to be completed in sections and the first date for sectional completion of about 40% of the Works is December 1980. The whole of the Works must be completed within 39 months.

The Contract is partially financed by the European Economic Community and participation in this tender is open on equal terms to all natural and legal persons of the Member States and the African, Caribbean and Pacific States which are signatories to the Lome Convention.

Tenders will only be considered from Tenderers who have included with their Tender evidence to show that:

(a) Their average annual construction commitment over the last three years has not been less than KShs500 million.
(b) The maximum single contract commitment of the Tenderer in the last three years shall be not less than KShs85 million. For joint ventures the amounts in (a) and (b) will be proportional to the parties' commitments in the joint venture.
(c) There is an unqualified undertaking from an approved bank to provide, on demand, a Performance Bond for 10% of the Tender Sum in the event of Contract award.

Tenderers are required to enclose with their Tender a banker's guarantee for the sum of KShs700,000.

The Tender Dossier will be available for inspection and/or purchase after the 2nd April, 1979 at the following addresses:
Sir M. MacDonald and Partners Limited,
c/o The National Irrigation Board, Lenana Road,
P.O. Box 30372, Nairobi.
Telephone 333987 - Telex 22869 (UNYUNYUNZI) or
Sir M. MacDonald and Partners Limited,
Demeter House, Station Road,
Cambridge CB1 2RS, United Kingdom
Telephone Cambridge 66455 - Telex 817260 (MMP G)

The Tender Dossier may also be inspected at the following addresses:
Commission of the European Communities,
Directorate-General for Development,
200 rue de la Loi, B-1004 Brussels

or the Information Offices of the European Communities:

DK-220	Copenhagen N	Industriraadet, 20 Alderstrogade
D-5300	Bonn	Zitelmannstrasse 22
NL	The Hague	Lange Voorhout 29
IRL	Dublin	29 Merrion Square
UK	London	20 Kensington Palace Gardens, London W8 4QQ
F-75782	Paris	Cedex 16, 61 due des Belles-Feuilles
I-00187	Rome	Via Poli 29
	Luxembourg	Chamber of Commerce, 7 rue Alcide de Gasperi, BP 15-3

The Tender Dossier will be sold at the prices shown below:
in Kenya, by cash or cheque for KShs1,000 made payable to the National Irrigation Board
in UK, by cash or cheque for Stg.£60 or the equivalent of 90 European units of account made payable to: Sir. M. MacDonald and Partners Limited.

Upon receipt of the application and payment the Tender Dossier will be sent to the applicant by the quickest means available.

Tenders must be returned to the General Manager, National Irrigation Board, Nairobi, as directed in the Tender Dossier, not later than noon on 2nd August, 1979.

The official text of this Invitation is being published in the Supplement to the Official Journal of the European Communities. Tenderers who are found to be canvassing will be disqualified.

(H. M. Lempaka)
GENERAL MANAGER

CARCASE CLASSIFICATION
REGISTRATION OF TENDERERS

Invitation to register interest as a tenderer for the future provision of equipment, in part or whole, and software, and maintenance, for classifying cattle, sheep and pig carcases in Australian abattoirs.

The AMLC, an Australian Government Statutory Authority, is undertaking, on behalf of the Australian Government, the responsibility for the supply and installation of a national carcase classification scheme.

The scope of the project involves development, design, manufacture, assembly, testing, installation and commissioning of a classification system including:

- AUTOMATED CARCASE WEIGHING SYSTEMS
- KEYBOARD TERMINALS
- CARCASE FAT THICKNESS INDICATORS
- TICKET PRINTERS
- LINE PRINTERS
- CENTRAL PROCESSING UNITS
- DATA STORAGE UNITS
- ASSOCIATED APPLICATIONS AND SYSTEMS SOFTWARE
- POST COMMISSIONING SUPPORT

It is intended initially to call tenders for a limited number of systems, or units of equipment, for testing and field trials. The aim of the trials will be to establish the commercial feasibility of the system(s) before proceeding to full-scale ordering. Equipment could ultimately be required for more *than 100 abattoirs and up to 400 slaughter chains.*

Organisations interested in registering should contact the Corporation to obtain further information and a questionnaire. The questionnaire on the resources and experience of the tenderer will need to be completed to register interest in this project. The questionnaire may be obtained by:
Telexing AA22887
or writing to:
Australian Meat and Livestock Corporation,
GPO Box 4129,
Sydney, NSW 2001.

Enquiries relating to intention to register close on March 30, 1979.

AMLC

AML0029

LEMBAGA LETRIK NEGARA TANAH MELAYU
NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA
TRENGGANU HYDROELECTRIC PROJECT
CONTRACT NO. 1854/3
TUNNEL LINERS AND PRESSURE PIPELINES

The National Electricity Board invites applications from suitably qualified and experienced contractors wishing to be registered as Tenderers for the Tunnel Liners and Pressure Pipeline Contract for the Trengganu Hydroelectric Project in Trengganu, Malaysia. The work will comprise the fabrication and delivery of approximately 1,380 m of steel tunnel liners and pipes with a diameter of 3.75 m and with plate thickness varying from 14 mm to 25 mm. Approximately 2,430 tonnes of notch ductile carbon manganese steel plate will be required. Corrosion protection of the liners and pipes will be required.

The National Electricity Board through the Government of Malaysia has obtained a loan from the Overseas Economic Co-operation Fund, Japan to finance the foreign currency portion of this Contract. Application for registration will be considered from interested contractors of the following countries:

(1) Member Countries of the Organisation for Economic Co-operation and Development (OECD).
(2) Developing Countries in general subject to individual notification of approval by the National Electricity Board.

Formal applications for registration should be submitted not later than 16 May 1979. It is expected that Tender Documents will be issued to Registered Tenderers about August 1979 and that Tenders will be required to be submitted about 3 months thereafter.

Full details of the applicant's experience in the fabrication of large diameter steel pipes must be forwarded with their application, together with details of their technical and financial competence. Applications must be accompanied by a Banker's Order or Draft for $A250 payable to Snowy Mountains Engineering Corporation as a documentation fee. The documentation fee will be refunded only to applicants not issued with Tender Documents.

Applications must be forwarded to:
Project Manager
Trengganu Hydroelectric Project
Snowy Mountains Engineering Corporation
PO Box 356, Cooma North, NSW 2630, Australia

with a copy to:
Project Engineer
Trengganu Hydroelectric Project
National Electricity Board
PO Box 1003, Kuala Lumpur, Malaysia

The National Electricity Board is not liable for costs incurred by applicants in preparing applications and will not be liable for costs incurred by Registered Tenderers in preparing Tenders.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Abbey Panels, Sheraton Skyline Hotel, Bath Road, Hayes, Middx., 12.
Granada Group, 36, Golden Sq., W., 12.30.
London and Lomond Inv. Trust, 2, St. Mary Axe, EC, 12.

BOARD MEETINGS—
Finals:
Arccliffe Hldgs.
Beatson Clark
Boddington Breweries
Bronx Eng.
CSC Inv. Tst.
Carlton Inds.
Federated Land and Bldg.
Ibstock Johnsen
Waverley Cameron
Interim:
Paterson Zochonis

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Cpn. 14¼pcDb. 1984 7⅛pc
British Electricity 4¼pcGtd. 1974-79 2⅛pc
Challenge Corpn. 6 cents
East Surrey Water 8pc 4pc. 9pcPf. 4½pc
Fairchild Camera and Instrument Corpn. 20 cents
Jones (Ernest) Jewellers 3.5p
Romney Trust Ord. 2.2p

TOMORROW

COMPANY MEETINGS—
Crest Nicholson, Ashley Park Hotel, Walton-on-Thames, Surrey, 12.
Jackson (J. and H. B.), Hotel Leofric, Coventry, 3.
Vantage Securities, 7, Lincoln's Inn Fields, W.C., 12.15.

BOARD MEETINGS—
Finals:
Appleyard
Bestwood
Brent Chems. Intnl.
Brocks Grp.
Equity and Law Life Assurance Soc.
Gibbs and Dandy
Wace Grp.
Zenith Carburetter
Interims:
Centrovincial Ests.
City and Intnl. Tst.
Hensher (Furniture Trades)
Ricardo Consulting Engs.

DIVIDEND & INTEREST PAYMENTS—
Abbey Panels 1.38p
Armitage Shanks 5pc
Halliburton 45 cents
Scottish Life Assurance Ln. 3⅞pc

WEDNESDAY, MARCH 28

COMPANY MEETINGS—
A.C. Cars, A.C. Works, High St., Thames Ditton, Surrey, 4.
Alcan Aluminium (UK), Britannia Hotel, Grosvenor Square, W., 2.30.
Ashdown Invest. Trust, 120, Cheapside, E.C., 2.30.
Attock Petroleum, Quaglinos, 16, Bury St., St. James's, S.W., 12.
Bank Leumi (UK), 4-7, Woodstock St., W., 11.
Camford Engineering, Argyle Works, Argyle Way, Stevenage, 12.
Colonial Securities Trust, 117, Old Broad St., E.C., 12.15.
Drake and Scull, The Churchill, Portman Square, W., 11.45.
Edinburgh American Assets, Caledonian Hotel, Princess St., Edinburgh, 12.15.
Empire Plantations and Invs., Empire Hse., 123 Kennington Rd., S.E., 11.
Glass and Metal, Connaught Rooms, 62, Great Queen St., W.C., 10.30.
Lancashire and London Inv. Tst., Winchester House, 100, Old Broad St., E.C., 10.45.
Moorside Trust, 44, Bloomsbury Sq., WC, 10.30.
Pleasurama, Park Lane Hotel, Piccadilly, W., 12.
Prestige Group, Prestige House, 14-18, Holborn, EC, 12.

BOARD MEETINGS—
Finals:
Bambers Stores
Bartone Sons
Cartwright (R.)
F.C. Finance
Hanger Invs.
Home Counties Newspapers
Legal and General Assurance Soc.
London Intercontinental Tst.
Manders
Rotork
Royal Worcester
Schroders
Sharna Ware
Slough Ests.
Stag Furniture
Interims:
BPM Hldgs.
Beckman (A.)
Sanderson Murray and Elder

DIVIDEND & INTEREST PAYMENTS—
Allied Irish Banks Floating Rate Sub. 1984 5⅞pc
Assocd. British Foods Ln. 3⅛pc
Crescent Japan Inv. Tst. 1.3p
Greenbank Tst. 3.6p
Hoyle (Joseph) 5pc Pf. 1.75p
Vantage Securities 0.45p
West Kent Water 3.5pc (fmly. 5pc) Cons. Ord. 1.75p. 2.8pc (fmly. 4pc) Pf. 1.4pc. 3.15pc (fmly. 4½pc) Rd.Pf. 1.575pc. 4.025pc (fmly. 5¾pc) Rd.Pf. 1983-86 2.0125
Wrexham and East Denbighshire Water 4.9pc (fmly. 7pc) Cons. Ord. 2.45pc. 3.5pc (fmly. 5pc) Cons. Pf. 1.75pc. 4.2pc (fmly. 6pc) Red. Pf. 85-87 2.1pc

THURSDAY, MARCH 29

COMPANY MEETINGS—
Aaronson Bros., Savoy Hotel, W.C., 12.
Clifton Invests., 32, Savile Row, W., 11.
Drayton Commercial Inv., 117, Old Broad St., E.C., 2.30.
General Cons. Inv. Trust, 8, Waterloo Place, S.W., 2.45.
Lloyds Bank, 71, Lombard St., E.C., 3.
Newbold and Burton, Premier Works, Brook St., Sileby, Leicester, 10.30.
River and Mercantile Trust, 44, Bloomsbury St., W.C., 2.45.
River Plate and General Invest. Tst., 44, Bloomsbury Sq., 11.15.
Tavener Rutledge, Adelphi Hotel, Lime St., Liverpool, 12.
Temple Bar Inv. Trust, Electra Hse., Temple Place, Victoria Embankment, 11.
West Coast and Texas Reg. Inv. Tst., 20, Birchin Lane, E.C., 12.30.

DIVIDEND & INTEREST PAYMENTS—
Bank Leumi (U.K.) 5.52p
Charter Cons. Inv. Db. Ln. 2½pc
Dagian Holdings 1.1726p
Franklin Mint Corpn. 7.5 cents
Glanfield Securities 5.1p
Hallam, Sleigh and Cheston 0.67p
Meat Trade Suppliers 3.35p
Minerals and Resources Corpn. 4 cents
Smith Bros. 1.5p
Syltone 1.5633p
Vereeniging Refractories 24 cents
York Waterworks Cons. Ord. 4.9pc (fmly. 7pc max.) 2.45pc. 3.5pc (fmly. 5pc) (max. div.) Ord. 1.75pc. 4.2pc (fmly. 6pc) Red.Pf. 83-84 2.1pc. Cons. Pf. (4.2pc max., fmly. 6pc) 2.1pc

FRIDAY, MARCH 30

COMPANY MEETINGS—
Alexanders Holdings, Semple St., Edinburgh, 12.
Drayton Premier Inv. Tst., 117, Old Broad St., E.C., 12.15.
Exchem Hldgs., 30, Cursitor St., E.C., 11.
GRA Property Trust, White City Stadium, Wood Lane, W., 11.
Glass and Glover, Connaught Rooms, Gt. Queen St., W.C.
Hill and Smith, Chamber of Commerce House, 75, Harborne Rd., Birmingham, 12.
Hirst and Mallinson, Perseverance Hse., Firth St., Huddersfield, 11.30.
Howard Machinery, Howard Rotovator Ltd., Saxham, Bury, 12.30.
Wagon Finance Corpn., Hallam Tower Hotel, Sheffield, 12.
Ward Holdings, Winchester Hse., 100, Old Broad St., E.C., 2.30.
Witter (Thomas), Witnell House, Bury Lane, Witnell, Nr. Chorley, 12.

BOARD MEETINGS—
Finals:
Clifford Dairies
Early (Charles) and Marriott (Witney)
Lyle Shipping
North Brit. Canadian Inv.
Vosper
Ward White
Waterford Glass
Watts Blake Bearne
Interims:
AB Electronic
Amied Estates

DIVIDEND & INTEREST PAYMENTS—
AAH 3.025p
Aeronautical and Gen. Instruments 4½pc Pf. 1.575pc
Allen (W. G.) and (Tipton) 0.8p. 5pcPf. 1.75pc
Allied Colloids 0.644p
Allied Suppliers Ln. 3pc
Anderson's Rubber Ln. 4pc
Anglo-Continental Inv. and Fin. 6-month rate Deb. 1974-83 5.60959pc. Db. 4¼pc
Apex Props. units 0.5p
Arden and Cobden Hotels 3.46p
Argyle Secs. Db. 5¼. 6pc
Ashdown Inv. Tst. 3.3p
Associated Paper Indus. 5½pcPf. 1.925pc
Avon Rubber Db. 6¼. 6½pc
BPB Inds. Db. 3⅝. 5½. 5⅞pc. Ln. 3⅞pc
Babcock and Wilcox Db. 2½. 3pc
Barton and Sons 6pcPf. 2.1pc
Bendix Corp. 64cts
Beradin Rubber Estates 1.5p
Blackwood Hodge 7½pcPf. 2.625pc
Bowthorpe Db. 4pc
Bradbury Wilkinson 6pcPf (free of tax) 4pc
Braid Grp. Db. 3½pc
Bristol Evening Post Db. 5¼pc
British Assets 4½pcPf. 1.575pc. A 5pcPf. 1.75pc. Ln. 2⅞pc
Brockhouse Db. 4¼pc
C.P.G. Prods. Corp. (fmly. Tom's Foods) Db. 3¼pc
Cambrian and Gen. Secs. Ln. 2¼pc
Carclo Eng. 5.95pcPf. 2.975pc
Carrington Viyella 6½pcPf. 2.275pc. 8pc Pf. 2.8pc
Celanese Corp. 75ctsSUS
Century Oils 7½pcPf. 2.625pc
Charterhouse Grp. 5.75pcPf. 2.875pc. Db. 3½pc. Ln. 4½pc
Commercial (Stewart and Arden) Props. Db. 3¼pc
Cons. Gold Fields Ln. 3¼. 3⅞. 4⅛pc
Continental and Indus. Tst. Db. 1⅞pc
Davenport Brewery Db. 2pc
Denbyware 2.1125p
Dorman Smith 7pcPf. 2.45pc
Dowty Grp. 2.5p
Duckham (Alexander) Db. 3½pc
Dunhill (Alfred) 4.2pc Pf. 2.1pc
Ellis and Everard 5pcPf. 1.75pc
Elson and Robbins 6pcPf. 2.1pc
English China Clays Db. 6¼pc 7¼pc
Fisons Ltd. Ln. 2 11/16pc
Fitch Lovell 1.29712p
Flag Inv. Db. 5¼pc
Foxboro 30cts
[illegible] Corp. 50cts
General Electric Fltg. Rate 2.25p
Globe Inv. Tst. Db 2pc. Ln. 2¼ 3½pc
Grant (James) (East) 7½pcPf. 2.625pc
Great Universal Stores A 4.02875p
Greenall Whitley 8pcPf. 4pc
Guardian Inv. Tst. 4½pcPf. 1.575pc. 5pc Pf. 1.75pc. Db. 2 (70-80)pc
Hargreaves Db. 5¼pc
Helene of London 0.3353p
Hestair Consumer Prods. Ln. 3pc
Higgs and Hill Db. 4⅞pc. Ln. 4pc
[illegible] Robinson 7.7pc
Hollas Grp. 0.983p
ICL Db. 2¼pc
Imasco 45cts. 6pcPf. 14.6cts
Inchcape 6.5p
Independent Inv. 7pcPf. 2.45pc
International Inv. Tst. Jersey 3½p
Jones Stroud (Hldgs.) 10pcPf. 5pc
Keelavite 6½pcPf. Db. 3½pc
Kent (G. B.) 5pcPf. 3.5pc
LRC International Ln. 5¼pc
Lake View Inv. Ln. 2pc
Land Secs. Inv. Tst. Db. 3. 3½ (93-98). 3¼ (78-83)pc. Ln. 2 15/16. 3⅛. 3⅞. 4¼. 5pc
Law Land Db 7½pc. Ln. 3. 3¼pc
London and Midland Inds. Ln. 3⅛. 4¼pc
London Tst. 4pcPf. 2pc. Ln. 3pc
Long and Hambly 7pcPf. 2.45pc
Longton Transport 1.25p
Lonsdale Universal 7pc 1st and 2nd Pf. 2.45pc
McCairns Motors 3.5p
Magnet and Southerns 5.25pcPf. 2.625pc
Marshalls (Halifax) 1.5p
Mercury Secs. Ln. 3. 3¼pc
Moorside Tst. 3.725p
New Sylhet 8.375p
[illegible] Barbers (1929) Pf. 3pc Pf. 2½pc
Pauls and Whites Db. 3¼pc
Pfizer Inc. 33cts
Priest (B.) 1.474p
Provincial Inc. 10pcPf. 3.5p. 25pcPf. 1.75p
Radio Rentals Ln. 3½pc
Rand London Corp. 3cts
Readicut Int. 8pcPf. 2.1pc. 5¾pcPf. 2.0125pc. Ln. 4¼pc
River Merc. Tst. Db. 4¼pc
River Plate Gen. Inv. Dfd. 5.25p
Savoy Hotel Ln. 4¼pc
Scottish Agri. Secs. 10¼pcDb 1989-91 5⅛pc
Scottish Mert. 7½pcPf. 2.625pc
Scottish Cities Inv. A 4p
Securities Inter. Amer. Dev. Bk. 5½pcPf. 2¼pc
Siebe Gorman 2.4p
Speedwell Gear Case 6pcPf. 2.1pc
Staveley Inds. 5½pcPf. 1.8375pc. Lns. 3¼ (1986-91), 3½ (1988-93)
Stirling Knitting 0.35p
Stocklake Ln. 3¼pc
Sutton Dist. Water 7pc (10pc) 3.5pc. 4.9pc (7pc) Ord. 2.45pc. 3.15pc (4.5pc) Pf. 1.575pc. 3.85pc (5.5pc) Rd.Pf. 1.925pc
Tecalemit Db. 4¼pc
Temple Bar Tst. 4p
Thomson Org. 5.83pcPf. 2.915pc
Thorn Elec. 5pcPf. 1.75pc
Tor Inv. Tst. Inc. 2.345p
Tor Inv. Tst Inc. 4⅝pcPf. 1.6625pc. 6pc Pf 2.1pc
Transport Dev. Gp. Ln. 4⅞pc
Treasury Ln 15½pc 7¾pc
Vickers 5pcPf 1.75pc. 5pcPf 1.75pc (tax free to 30p) 2.425pc
Warner Ests. Ln. 3¼pc
Warner Holidays 6¼pcPf. 2.1875pc. Db. 3¼pc
West Coast Texas Reg. Inv. 1.1p
White Child Beney 3.5p
Wolverhampton Dudley Brews Db. 3pc

SATURDAY, MARCH 31

DIVIDEND & INTEREST PAYMENTS—
Aaronson Bros. 4.25pcPf. 2.125pc. 5.25pc Pf. 2.625pc
Aberdeen Tst. 4pcPf. 1.4pc
Acrow 5½pcPf. 1.925pc. Dbs. 3½ 3¼pc. Ln. 5⅛pc
Advance Laundries 8pcPf. 2.8pc
Aerlinte Eireann Teo Db. 5¼pc
Alexanders Discount 6pcPf. 4.2p
Allen (E.) Balfour 5pcPf. 1.75pc
Alliance Prop. Db. 3⅞pc
Allied Irish Banks Floating Ln. 5pc
Allnatt London Props. Dbs. 3¼. 4⅛pc
Amalg. Dist. Prods. Ln. 4½pc
Amalg. Inds. 7pcPf. 2.45pc. Db. 3⅜pc
Arbuthnot-Latham Ln. 2½ 4½pc
Ashton Bros. Db. 3¼pc
Aspro Nicholas Db. 3⅛pc
Assam Trading 5.6pcPf. 5.6pc
Associated Eng. 6½pcPf. 2.275pc. 7¼pc Pf. 2.5373pc. Dbs. 3¼. 3¾. 5½pc. Ln. 4pc
Associated Fisheries Ln. 3⅞pc
Associated Newspapers Grp. Lns. 3¼. 4⅛pc
Automotive Prods. 3.5pcPf. 1.75pc. 4.55pc Pf. 2.275pc. 9pcPf. 4.5pc
BLMC Ln. 3.05pc
Bank Bridge Ln. 4pc
Bk of Ireland Ln. 3½ 5pc
Requisitioned meeting Re-sale of Props.
Barker Dobson Ln. 3⅛pc
Barrow Hepburn 7.75pcPf. 3.875pc
Bass Inv. Ln. 3 11/16pc
Bass 4pcPf. 1.4pc. 7pcPf. 2.45pc. Dbs. 1⅞pc (1977-79). 1⅞pc (1987-92). 4¼pc (1987-92) 4¼pc (1977-79). Lns. 2¾. 3⅞pc
Baxter Travenol Labs. 12.5cts
Beecham Lns. 2½. 4½pc
Bemrose 7½pcPf. 2.625pc
Benson's Hosiery Ln. 6pc
Berec Db. 2⅞pc
Berisford (S.W.) 5pcPf. 1.75pc. 7½pcPf. 2.625pc
Bibby Baron Db. 3⅛pc
Birmid Qualcast Ln. 3¼pc
Birmingham Mint 6pcPf. 2.1pc
Black Clawson Int. Db. 3pc
Blue Circle Inds. 5½pcPf. 1.925pc. Db. 2⅞pc
Boddingtons Brews. Db. 2pc
Bond Street Fabs. Ln. 3⅞pc
Boot (H.) Pf. (4.2pc) 2.1pc
Boots Lns. 3. 3⅞pc
Border Brews 6pcPf. 2.1pc
Boscombe Prop. 5pcPf. 1.75pc
Boulton Paul Dbs. 3. 3⅞pc
Bournemouth Dist. Wtr. 3.5pc (5pc) 175pc
Bowater Corp. 5½pcPf. 1.925pc
Bowater Newfoundland Pf. 2.25pc
Brady Int. Db. 5½pc
Bright (J.) Ln. 4pc
Bristol and West Hotel Db. 3⅞pc
Bristol Wtr. 4.9pc (7pc max.) Ord. 2.45pc. 3.5pc (5pc) Ord. 1.75pc
British American Tob. 5pcPf. 1.75pc
British American Tob. Inv. Lns. 5. 5¼pc
British Car Auction 5pcPf. 1.75pc
British Celanese Db. 1⅞pc
British Home Stores 4pcPf. 1.4pc. 7pcPf. 2.45pc
British Inds. Gen. Ln. 3¼pc
British Land Db. 7½pc
British Steam Specs. Db. 5⅛pc
British Vita Db. 3⅝pc
Brooke Tool Ln. 6pc
Brotherhood (P.) 5½pcPf. 1.925pc
Brown (J.) Ln. 2½. 2⅞pc
Brown Shipley Ln. 2⅞pc
Brunning Ln. 4pc
Buckinghamshire Var. Rate 9pcRed. 4½pc
Buckleys Brew. 5½pcPf. 1.925pc
Burco Dean 6¼pcPf 2.1875pc
Burtonwood Db. 4⅛pc
Butterfield Harvey 5½pcPf. 1.925pc. Lns. 3⅞. 4¼pc
Caffyns Dbs. 2½. 3⅛. 3⅞pc
Calster Db. 3¼pc
Caledonia 5pc A. B Pf 1.75pc
Caledonian Lns. 3¼. 3⅞pc
Calor Gas Db. 3½pc
Cameron (J.W.) Dbs. 2⅞. 3⅛. 3⅞pc
Capital Counties Dbs. 3⅛ 3⅞pc
Carlton Ind. Ln. 4⅛pc
Carroll (P.J.) 6pcPf. 2.1pc
Cavenham 4½pcPf. 1.575pc. 6½pcPf. 2.275pc. 7pcPf. 2.45pc. 7½pcPf. 2.625pc. 10pcPf. 5pc
Cawoods Holdings 4½pcPf. 1.575pc. Lns. 3⅞. 3¼. 3½. 2⅞pc
Cedar Inv. Tst. Ln. 4½pc
Central Dist. Props. Dbs. 3⅛. 3⅞pc. Ln. 4pc
Centre Hotels (Cranston) Dbs. 3⅞. 4⅛pc
Centreway 11pcPf. 5.5pc
Charringtons Ind. 4½pcPf. 1.575pc. Lns. 3. 4. 5⅛pc
Christy Bros. 5pcPf. 1.75pc
Churchbury Ests. Ln. 4pc
Churchbury Inv. Db. 3⅛pc
City Comm. Inv. Inc. 0.97p
City Offices 5½pcPf. 1.925pc
Clayton Dewandre Db. 3⅛pc
Clive Discount 9¼pcPf. 4.625p. Ln. 4⅛pc
Clydesdale Inv. Tst. 4¾pcPf. 1.6625pc. Db. 3pc
Cocksedge 7½pcPf. 2.625pc
Coghlans 8pcPf. 2.8pc
Colt Inds. 62½cts
Comben Grp. Ln. 3⅞pc
Combined Elec. Mnfrs. Db. 3pc
CompAir Db. 3pc. Db. 4⅛pc
Cope Allman Int. Ln. 3⅛pc
Courage Db. 3⅞pc. Ln. 3.55pc
Courtaulds Dbs. 3½. 3⅞pc. Ln. 3⅞pc
Courts Furns. 7pcPf. 2.45pc
Croda Food Ings. Db. 3⅛pc
Croda Organic Chems. 6pcPf. 3pc
Crosby Spring Ints. 10pcPf. 5pc
Crown House 7½pcPf. 2.625pc
Dares Ests. Db. 3⅛pc
Debenhams Db 3⅛pc. Ln. 3¼pc, 5½pc
Debenture Corp. Db. 1⅞pc
Decca 16pc 5.6pc. 25pcPf. 8.75pc
Devenish (J.A.) 5½pcPf. 1.925pc. Db. 2⅛pc
Distillers Lns. 2¾. 10¼pc
Dobson Park Inds. Db. 4⅛pc
Doncaster (D.) Dbs. 4. 5⅞pc
Dorada 6½pcPf. 2.27pc
Dowty Grp. Ln. 3¼pc
Drayton Cons. Lns. 3¼ (A) pc
Dunlop Db. 3⅞pc
Duport Ln. 5pc
Dyson (J.J.) Ln. 3⅞pc
ERF 4pc
East Midland Allied Press Db. 3⅞pc
Eastern Intnl. Db. 4⅛pc
Eastwood (J.B.) Db. 5⅛pc
Elliott (B.) Dbs. 3¼. 3⅞pc
Elliott Grp. Peterborough Ln. 4½pc
Embankment Tst. Db. 2⅛pc
Emhart Corp. US55c
Empire Stores Dbs. 3⅞. 4⅝pc
English Intnl. Tst. 5½pcPf. 1.925pc
Erskine House Ln. 2¼pc
Essex Water 7pcRed.Pf. 3.5pc. 9pcRed.Pf. 1981 4.5pc. 9pcRed.Pf. 1982 4.5pc
Euston Centre Pps. Db. 5.2pc
Ever Inds. Db. 3¼pc
Ewart New Northern Ln. 4¼pc
External Inv. Ln. 3½pc
FC Finance 7pcPf. 2.45pc
Farrel Bridge 6pcPf. 2.1pc
Fine Art Devs. Ln. 3⅞pc
Fine Spinners Doublers Db. 2pc
Foreign Colonial Tst. 5pcPf. 1.75pc
Forminster 10pcPf. 5pc
Fundinvest 7pcPf. 2.45pc
GEC-Elliott-Automation Db. 1981-86 2⅞. 3⅛pc. Do. 1989-94 3¼pc
GEI Int. Lns. 5. and 5 (ptly conv) pc
GHP Grp. Db. 2⅞pc
Gala Cosmetic Db. 3⅛pc
General Electric Lns. 3 (1979-84) 3⅝. 3⅞pc
General Electric Overseas Ln. 2⅛pc
General Scottish Tst. Ln. 2⅞pc
Glover Main 6pcPf. 2.1pc
Glynwed Ln. 5⅞pc
Goodrich (B.F.) 36cts
Grampian 10½pcRed. 1985 5¼pc
Grand Met. Lns. 4¼. 4⅞ 5pc
Great Portland Ests. Db. 4⅛pc
Great Universal Stores Ln. 3⅞pc
Greenhaven Secs. Dbs. 3. 3¼. 3⅞pc
Gresham Tst. Lns. 3¼. 3⅞ 4pc
Grovebell 6pcPf. 3.015p
Guard Bridge Paper Db. 3⅞pc
Guardian Royal Exchange 7pcPf. 2.45pc
[illegible] (A.) Ln 5¼pc
Halma 11pcPf. 5.5pc
Hambros Ln. 3¼pc
Hampson Inds. 7½pcPf. 2.625pc
Hampton Tst. Ln 2pc
Hangers Paints 5½pcPf. 1.925pc
Haslemere Ests. Db. 5⅛pc
Hazell (Q.) Lns. 3⅛. 3½pc
Henekeys 7pcPf. 2.45pc
Henlys Db 5¼pc. Ln. 4¼pc
Hensher 6pcPf. 2.1pc
Hepworth Ceramic Db. 5.2pc
Heron Corp. Dbs. 3⅞. 5⅞pc
Hickson Welch 6pcPf. 2.1pc
Hill Smith Db. £6.252
Hill (P.) Inv. Tst 5¼pcPf. 2¼pc. Ln. 2¼pc
Hill Samuel Ln. 4pc
Hocroft Tst. Lns. 3½. 3¼pc
Hoffnung (S.) 4.55pcPf. 2.275pc. Ln. 5pc
Hogg Robinson Ln. 4¼pc
Hollis Bros. ESA 7pcPf. 2.45pc. Ln. 4pc
Home Brewery 5¾pcPf. 2.0125pc
IMI Ln. 4⅛pc
ITT Dists. Dbs. 3⅞. 4¼pc
Imperial Cont. Gas. Ln. 3½pc
Imperial Foods Db. 3⅞pc
Inchcape 8½pcPf. 2.975pc. Lns. 2⅞. 3¼. 4. 5¼. 6¼pc
Ind.-Comm. Fin. Dbs. 2¼. 3⅞(A) (1991-94) 4⅛pc
Ind. Gen. Tst. Dbs. 2¼. 2⅞pc
Ind. Newspapers 6pcPf. 2.1pc
Initial Services 5.95pcLn. 4pc
Int. Paint Ln. 4⅛pc
Int. Timber 4½pcPf. 1.575pc
Inveresk Grp. Ln. 3¼pc
Investment Co. 8pc 4.2pc
Investors Corp. 1¼ 3⅞
J. B. Holdings 10pcPf. 5pc
Jackson (J. and H.B.) 10pc Pf 5pc
James (John) 1.3p
James (Maurice) Inds. 5pcPf. 1.75pc
Jarvis (J.) 7pcPf. 2.45pc
Jersey Electricity Ln. 5½pc
Johnson and Firth Brown Ln £1.8333
K Shoes 4½pcPf. 1.575pc. Do. Db. 3¼. 3⅞pc
Kelsey Inds 10pc 5pc
Keystone Investment Tst. 5pcPf. 1.75pc
Kimpher Ln 4pc
Kitchen (Robert) Taylor 1.5435p
Lake and Elliott 4¾pcPf. 1.6625pc
Lancashire Cotton Corp. 5pcPf. 3.5pc
Laporte Industries 7½pcPf. 2.625pc. Do. 5½pcPf. 1.925pc. Do. Db. 2⅞. 4. 5⅛pc
Lee (Arthur) Db. 2⅛pc
Leeds and District Dyers and Finishers Ln 3⅛pc
Leigh Mills 6½pcPf. 4.55pc
Leyland Paint and Wallpaper Ln 4pc
Ley's Foundries and Engng. 5pcPf. 1.75pc
Lindustries Db. 3⅛pc
Lloyd (F.H.) Ln 3⅞pc
London and City Westcliffe Properties Db. 4 11/16pc
London and Montrose Inv. Tst. 5pcPf. 1.75pc
London and Provincial Poster Ln. 4¼pc
London County and Midland Trust Db. 3½pc
Lovell Construction Db. 4¼pc
Lovell (Y.J.) Db. 4¼pc
M. and G. Conversion Trust Fd. Inc. 2.7p
M. and G. Smaller Companies Fnd. Inc. 2.8p
MEPC 4½pcPf. 1.575pc. Do. Db. 2. 3⅞pc. Do. Ln. 4pc Do. Ln. 2½pc
M.K. Electric Ln. 3⅞pc
M.L. Holdings 7pcPf. 2.45pc
Macarthy's Pharmaceuticals 5½pcPf. 1.925pc. Do. 6pcPf. 2.1pc
McCorquodale Db. 4pc
McLeod Russell 4.2pcPf. 2.1pc. Do. 5pcPf. 2.5pc. Do. 5.9pcPf. 2.95pc
Mann Egerton 7½pcPf. 2.625pc. Do. Ln. 4pc
Marler Estates 4½pcPf. 1.575pc
Marston, Thompson and Evershed Ln. 3⅛pc
Martin The Newsagent 5½pcPf. 1.925pc. Do. Db. 3⅛pc
Metal Industries 5pcPf. 1.75pc
Metropolitan Railway Surplus Land Db. 3⅛. 3⅞pc
Meyer (Montague L.) Ln. 3⅞. 4⅛pc
Michelin Tyre Db. 4⅞pc
Miller (F.) Textiles 11pcPf. 5.5pc
Montgomeries Ln. 3½pc
Morland 5pcPf. 1.75pc. Do. Db. 3⅛pc
Muirhead Db. 3⅞pc
National Star Brick and Tile Db. 3⅞pc
National Westminster Bank Ln. 4⅞pc
Negretti and Zambra 5pcPf. 1.75pc
New Throgmorton Trust Ln. 2pc
Newall Machine Tool Db. 3⅝. 5⅞pc
Norcros 5pcPf. 2.5pc
North Atlantic Secs. Corp Db. 2¼pc. Do. Ln. 3⅛pc
North Devon Water Board 4pc Stk. 1996 2pc
North (M.F.) Db. 4pc
Northern American Tst. Db. 1¼. 2pc
Northern Engineering Industries Db. 3⅞pc. Do. Ln. 4⅛pc
Nosil Estates (Inv.) Db. 3⅞pc
Nottingham Brick 5pcPf. 1.75pc
Nova (Jersey) Knit Ln. 3½pc
Oil and Associated Inv. Tst. Ln. 3¼pc
Oldham Batteries Db. 3⅛pc
Oliver (George) (Footwear) 6pcPf. 2.1pc
P.D. Fuels Db. 2¼pc
Pearson Longman 5¼pcPf. 1.8375pc. Do. 7pcPf. 2.45pc. Do. Ln. 2⅞. 3⅛. 4pc
Pegler-Hattersley 5½pcPf. 1.925pc. Do. Ln. 3½pc
Perkin Elmer Stlg. Dollar Ln. 2pc
Phoenix Timber 6pcPf. 2.1pc
Pirelli General Cable Works Db. 2⅞. 3⅛pc
Plymouth 3¼pcRd. 1⅝pc
Powell Duffryn Db. 3⅛pc
Property Holdings and Inv. Tst. 4½pcPf. 1.575pc. Do. Db. 2¼. 5⅛pc. Do. Ln. 4⅛pc
Pullman (R. and J.) 7pcPf. 4.9pc
Pye of Cambridge 5½pcPf. 1.925pc
RCF 7pcPf. 2.45pc
R.F.D. Group Db. 3⅛pc
Ranks Hovis McDougall Ln. 3¼pc
Redfearn National Glass 7pc2ndPf. 2.45pc
Rediffusion 4pcPf. 1.4pc. Do. Db. 3. 3 (2nd issue) pc
Reed International Db. 3¼. 3. 3½ (1987-1992). 3½ (1978-83). 3⅞ (1983-88) 3⅞pc. Do. Ln. 3⅞. 3⅞pc
Reeves (F.J.) Ln. 3⅞pc
Renold Db. 3⅞pc
Renwick 10pcPf. 5pc
Reunion Properties Db. 4⅛pc
Richardsons Westgarth Ln. 3pc
Robertson Foods Db. 3⅞pc
Rockwear Ln. 4pc
Rothschild Inv. Tst. 3.5pcPf. 1.75pc. Do. 3.5Cnv.Pf. 1.75pc. Do. 4.2pcPf. 2.1pc. Do. Db. 2⅞. 3¼. 3⅞pc
Ruston and Hornsby Db 3. 4pc
S. and U. Stores 6pcPf. 2.1pc
Safeguard Industrial Inv. Db. 2⅞pc
Scapa Ln. 4pc
Scot Bowyers Db. 3⅞pc
Scotcros 6½pcPf. 2.275pc
Scottish Agricultural Inds. Ln. 2⅞. 3⅞pc
Scottish and Universal Inv. Db. 2⅞pc
Scottish Cities Inv. Tst. 5pcPf. 1.75pc
Scottish Mortgage and Trust 4pcPf. 1.4pc. Do. 4½pc. 1.575pc. Do. 5¼pcPf. 1.8375pc
Scottish Road Services 7pcPf. 2.45pc. Do. Db. 3. 3½pc
Second Covent Garden Property Db. 3⅛pc
Securities Trust of Scotland 4.5pcPf. 1.575pc
Selincourt Ln. 4⅞pc
Senior Engineering Ln. 4.8pc
Sevalco Db. 5½pc
Sheepbridge Engineering Db. 2⅞. 3⅛. 5⅛pc
Simpson (S.) 5pcPf. 1.75pc
600 Group 4½pcPf. 1.575pc. Do. 6½pcPf. 2.275pc. Do. Ln. 3¼. 4¼. 5½pc
Sketchley 4.2pcPf. 2.1pc
Smith St. Aubyn 6pcPf. 2.1p. Do. 9½pcPf. 4.75p. Do. Ln. 3⅞pc
Smith (W. H.) 7pcPf. 2.45pc. Do. 4½pc Pf. 1.575pc
Smith Whitworth 7½pcPf. 2.625pc
South Cornwall Water Board 6pc 1980-82 3pc
Sparrow (G. W.) Ln. 4⅞pc
Sphere Inv. Tst. 5pcDb. 2⅞pc
Standard Chartered Bank Ln. 6⅛pc
Sterling Estates Db. 4pc
Sterling Industries 5½pcPf. 3.875pc
Stock Conversion and Inv. Ln. 2⅛pc
Stone-Platt Industries Db. 3⅞pc
Sunderland (Joseph) 6pcPf. 2.1pc
Tace 40pcPf. 1.4p
Tate and Lyle 6½pcPf. 2.275pc. Do. Db. 3⅞pc. Do. Ln. 3¼. 5⅛pc
Tollemache and Cobbold Breweries Db. 1⅞. 2. 3pc
Tomkinsons Carpets Db. 3⅞pc
Tootal 5pcPf. 1.75pc
Treforest Silk Printers 6pcPf. 2.1pc
Triplex Industries 5½pc 1.925pc
Truman Dbs. 3½. 5⅛pc
Tyne Plywood 5½pcPf. 1.925pc
UDS Group Db. 2⅞. 3. 3⅞. 5⅛pc
UKO Intnl. Db. 3⅞ (1984-89), 3⅞ (1976-80)pc
Unicorn Industries 4½pcPf. 1.575pc
Unigate 4½pcPf. 1.575pc. Do. 6pcPf. 2.1pc. Do. Ln. 2⅞. 3⅛pc
United City Merchants Ln. 5pc
United Gas Industries Ln. 4⅞. 5⅞pc
United Glass Db. 3⅞. 3⅞pc
United States Db. Corp. Ln. 2⅛pc
Vantona Group 4.9pcPf. 2.45pc
Viner's 6pcPf. 2.1pc
WGI Db. 3⅞pc
Walker and Rice (Walric Fabrics) 5½pcPf. 1.925pc
Ward and Goldstone 7pcPf. 2.45pc
Wassall (J.W.) 7½pcPf. 2.625pc
Watney Mann and Truman Db. 5⅛pc
Watshams 3.3p
Webb (Joseph) 7½pcPf. 2.625pc. Do. Db. 4pc
Webster (Samuel) and Sons Ln. 3⅞pc
Westland Aircraft Db. 3pc. Do. Ln. 3⅞pc
Whitbread Db. 2⅛pc
Whitbread Inv. Db. 2⅞ (1980-85) 2⅞. 2⅞ (1984-89)pc
Wigfall (Henry) Ln. 3⅞pc. Do. 6pcPf. 2.1pc
Wilkinson and Riddell [illegible] Ln. 30pc) 2.425pc
Williams Hudson Ln. 3⅛pc
Wilmot-Breeden Db. 3⅞pc
Wilson (Connolly) Db. 4pc
Woodhead (Jonas) 6pcPf. 2.1pc. Do. Db. 3⅛. 4pc. Do. Ln. 4⅞pc

SUNDAY, APRIL 1

DIVIDEND & INTEREST PAYMENTS—
Albright and Wilson Db. 3pc
Allied Breweries Db. 1⅞. 1⅞. 2⅞ (1979-84) 2⅞ (1975-80) 2⅞. 2⅞. 3. 3⅛ (1987-92). 3⅞ (1984-89). 3⅞. 3⅞. 3⅞pc. Do. Ln. 2⅞. 2⅞. 3⅛. 3⅞. 3⅞pc
American Trust Db. 3⅞pc
Anglo-American Db. 2pc
Ashton Db. 2¼pc
Associated Biscuit Mfctrs. Db. 3pc
Associated British Foods 6pcPf. 2.1pc
Atlas Electric and General Trust 5pcPf. 1.75pc
Barker and Dobson 0.134p
Birmingham 8pc Stk. (1979-81) 4pc
Birmingham and Dist. Invs. Tst. 4½pcPf. 1.575pc
Blackett Hutton Ln. 2⅞pc
Bootle 7¼pcRd. Stk. (1977-79) 3⅞pc
Bradford 3½pc Stk. (1972-82) 1¾pc
British Electric Traction Db. 2½pc
British Printing Corp 4.2pcPf. A. B 2.1pc. Do. 5.25pcPf. 2.625pc
Bulmer and Lumb 5pcPf. 1.75pc
Burton Group Ln. 4. 4⅞pc
Caffyns 6½pcPf. 2.275pc. Do. 10pcPf. 6.767pc
Cape Industries Ln. 3⅞pc
Cedar Investment Trust 5pcPf. 1.75pc
Cement-Roadstone Db. 4pc
Charter Consolidated Inv. Deb. 2¼pc
Chilean 4½pc (Now 3pc) 1895 2¼pc. 4½pc (now 3pc) 1910 2½pc
Clark, Son & Morland 7½pcPf. 4.9pc
Clayton Dewandre Deb. 8pc
Colne Valley Water 3.5pc Ord. 1.75pc. A 7pc Ord. 3.5pc. C 7pc Ord. 3.5pc. 4.9pc Ord. 2.45pc. 2.8pcPf. 1.4pc. 2.8 Red Pf. 1979 1.4pc. 4.025pc Red Pf. 2.0125pc. 4.2pc Red Pf. 2.1pc. 4.55pc Red Pf. 2.275pc. 8pc Red Pf. 1983 2.1173pc. 8pc Red Pf. 1984 4pc. 9pc Red Pf. 4.5pc
Continental Union Tst. 5pcPf. 1.75pc
Conversion Ln. 3½pc 1¾pc
Corporation of London 9¼pc 84-85 4⅝pc. 3pc 2007 1½pc
Courtaulds Knitwear 7½pcPf. 2.625pc
Cumulus Inv. Tst. Deb. 3⅛. 4½pc
Currys 6½pcPf. 2.275pc
Dalgety Deb. 2⅞. 3. 3½pc
Drake & Scull 5.6pc B Pf. 2.8pc
Drayton Premier Inv. Deb. 2pc
Dubilier 11pcPf. 7.7pc
East Anglian Water 3.5pc Cons. Ord. 1.75pc. 3.5pc Ord. 1.75pc. 7pcPf. 3.5pc. 10pcPf. 5pc 9pcPf. 4.5pc. Deb. 1⅛. 2. 2⅛pc
East Worcestershire W. W. 7pc Max. Ord. £10 3.5pc. 3.5pc Max. Ord. 1.75pc. 2.8pc (1935-41) Pf. 1.4pc. 3.85pcPf. 1.925pc
Eldridge Pope Deb. 2 (1st)pc
Electric General Inv. Deb. 3⅛pc
English & Intnl. Tst. 5½pcDb. 2¼pc
Esmark Inc. 46 cents
Eva Industries 6pcPf. 2.1pc
Extract Wool 6pcPf. 2.1pc
Fairdale Textiles 5pcPf. 1.75pc
Ferranti 3.5pc 2nd Pf. 1.75pc
First Chicago Corp. 27½cts
General Consolidated Inv. Tst. 5½pcPf. 1.925pc
General Telephone Elec. Corp. 62cts
Glaxo Group Ln. 3⅞pc
Grand Metropolitan 7½pcPf. 2.625pc. 4¾pcPf. 1.6625pc
Greenwich 11¼pc Red 5⅝pc
Gulf Western Industries 18¼cts
Hardys & Hansons 6pcPf. 2.1pc
Higsons Brewery Ln. 3¼pc
Hill (Philip) Inv. Tst. 5¼pcPf. 1.8375pc
Hull 2½pc Red. 1938 1¼pc. Do. 3½pc (2nd iss.) 1¾pc
IC Ind. Inc. 42cts.
Imperial Group Ln. 2⅞pc
Initial Services 5.95pcPf. 2.975pc
International Telephone Telegraph 55cts
Jamaica Public Service Deb. 3¼pc
Johnson Group Cleaners Deb. 2⅞pc
Johnson Matthey 5pcPf. 1.75pc
Lanarkshire 6pc Red 3pc
Lee Valley Water 3.5pcPf. 1.75pc. 4.55pc Pf. 2.275pc. 5.95pcPf. 2.975pc. 9pcPf. 1980 4.5pc. 9pcPf. 1982 4.5pc
Lewis's Invest. Tst. Deb. 3¼pc
Ley's Foundries 3.25p
Liverpool 3½pc Irred. 1¾pc. 3pc Red 1½pc
London Holyrood Tst. 5pcPf. 1.75pc
London Provincial Tst. 5pcPf. 1.75pc
McCorquodale Deb. 1⅝pc
Mallinson-Denny 4.2pcPf. 2.1pc
Menzies (J.) 6pcPf. 2.1pc. 9pcPf. 4.5pc
Metropolitan Tst. 4½pcPf. 1.575pc. 5pcPf. 1.75pc. Deb. 1¼pc
Metropolitan Water Board 3pc A 1½pc. Lambeth W. W. 3pc Red Deb 1½pc
London Bridge Anns. of £2.50 £1.25
Minster Assets 5pcPf. 1.75p
Mitchell Cotts Ln. 6¼pc
Morgan Crucible 5½pcPf. 1.925pc. 5pcPf. 1.75pc
Morton Sundour Fabrics 5pcPf. 1.75pc
Negretti and Zambra 5pcPf. 1.75pc
Nineteen Twenty-eight Inv. Tst. Deb. 2 (75-80), 2 (79-84), 3, 3¼pc
Northern Ireland Electricity Service 5.5pc Gtd. 79-82 2.75pc, 5.5pc Gtd. 77-79 2.75pc, 5½pc Gtd. 77-79 2.75pc. [illegible] Gtd. 79-82 2⅛pc
Norwich 5pc Red 2½pc
Paisley 9¼pc Red 4⅝pc
Port of London 3½pc 49-99 1¾pc
Portsmouth 3½pc Red 1¾pc
Portsmouth Water Co. 2.1pcPf. 1.05pc. 3.5pcPf. 1.75pc. 3.85pcPf. 1.925pc. 4.025pcPf. 2.0125pc. 4.55pcPf. 2.275pc. 8pcPf. 4pc. Deb. 1¼. 1⅞. 3½. 6pc
Queens Moat House 5pcPf. 1.75pc
Ransomes & Rapier Deb. 3pc
Reading 3½pc Irred. 1¾pc
Redemption 3pc 86-96 1½pc
Rodland Deb. 3 (80-85) 3 (88-93)pc
Reed (Austin) Group 8pcPf. 2.8pc
St. Andrew Tst. Deb. 2pc
Spanish 4pc (Sealed Bonds). 2pc
Sphere Inv. Tst. 5pcPf. 1.75pc. Deb. 1½pc
Stead & Simpson Deb. 2¼ (1932)pc
Sterling Tst. Deb. 3. 3¼pc
Stroud Riley Drummond 6pcPf. 2.1pc
Symonds Engineering 7½pcPf. 2.625pc
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Witan Inv. Deb. 3¼pc

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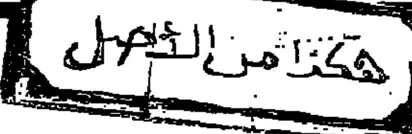

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Tst. Mngrs. (a)

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055
Friends Prov. Uts. 50.2 53.6 +0.8 4.06
Do. Accum. 66.2 70.7 +1.1 4.06

Funds in Court*

G.T. Unit Managers Ltd.♥

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Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group♥

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050
Minster Mar. 12 40.8 42.8 5.89
Exempt Feb. 28 104.9 108.9 5.14

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333
MLA Units 54.5 57.3 3.32

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521
MJ European 76.1 81.0 4.06

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

For Piccadilly see Gibbs (Antony)

Practical Invest Co. Ltd.♥ (y)(c)

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

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222, Bishopsgate, EC2. 01-247 6533
Prolific Units 92.7 99.3 +1.6 3.06
High Income 145.0 155.3 +2.2 6.52

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222
Prudential 149.0 158.0 +3.0 4.29

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177
Quadrant Gen. Fd. 125.3 130.6 3.73
Quadrant Income 140.1 144.5 7.68

Reliance Unit Mgrs. Ltd.♥

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Target Amer. Eagle 26.4 28.4 +0.3 2.96
Target Thistle 46.2 49.7 +0.6 5.81
Extra Income Fd. 62.6 67.3 +0.3 9.93

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TUUT March 1 51.7 55.0 5.19

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

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TSB Unit Trusts (y)

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Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.♥

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

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King & Shaxson Ltd.

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Legal & General Prop. Fd. Mgrs. Ltd.

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Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

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The London & Manchester Ass. Gp.♥

M & G Group♥

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NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.♥

Norwich Union Insurance Group♥

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Prop. Equity & Life Ass. Co.♥

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Reliance Mutual

Rothschild Asset Management

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Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund SUS7.23
Net asset value March 21.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

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Deutscher Investment-Trust

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25, Milk Street, EC2V 8JE. 01-606 7070

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Lloyds Bank International, Geneva

Lloyds International Mgmnt. S.A.

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Pacific Basin Fund

Phoenix International

Quest Fund Mngmt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

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Schlesinger International Mngt. Ltd.

Schroder Life Group

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Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

Union-Investment-Gesellschaft mbH

United States Tst. Intl. Adv. Co.

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Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management♦

Wren Commodity Trust

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Financial

Interest Due		Stock	Price £	Last xd	Red.	Yield
11J	11J	Do. 11pc Uns.Ln. '88	93	11.12	12.12	12.60
11J	11J	Do. 11¾pc Uns.Ln. '90	97½	11.12	12.40	12.70
30 Je	31 D	Do. 7¼pcADeb. '89-92	66	27.11	11.42	13.00
31Mr	30S	Do. 7¼pcA Db. '91-94	63xd	12.2	11.50	12.80
31Mr30S		Do. 9pc'A' '91-94	74½xd	12.2	12.08	12.80
28F	31A	Do. 8¾pcLn. '92-97	71½	29.1	12.65	13.00

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly	22	8.71	—	—
1J	1J	Do. 5pc Pref.	40	13.11	—	—
1J	1J	Chilean Mixed	98	2.10	—	$3.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 31¼% (based on US$2.0365 per £)
Conversion factor 0.7599 (0.7748)

CANADIANS

S.E. List Premium 31¼% (based on $2.3828 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	Apr.	Dawes (G. R.)	15	18.10	—	—	—	—
—		Deutsche Bank DM50	£91	—	Q18%	—	2.6	—
—		F. C. Finance	88	16.10	†2.03	2.6	3.4	16.8
—		First Nat. 10p	7¼	9.74	—	—	—	8.5
—		Do. Wrrts. 75-83	2¾	—	—	—	—	—
—		Fraser Ans. 10p	15½	8.76	—	—	—	—
June	Dec.	Gerrard Natnl.	224	30.10	g9.12	—	6.1	—
May	Nov.	Gibbs (A.)	54	2.10	2.23	—	6.2	—
Mar.	Aug.	Gillett Bros. £1	245	26.2	16.95	—	10.3	—
June		Goode D'l Mry.5p	25xd	12.3	0.25	—	1.5	—
Nov.	April	Grindlays	127xd	12.3	3.07	7.5	3.6	3.9
April	Oct.	Guinness Peat	108	12.2	H5.67	—	7.8	—
Dec.	July	Hambros	228	27.11	†9.76	—	6.4	—
Dec.	July	Hill Samuel	105	13.11	†4.97	—	7.1	—
—		Do. Warrants	240	—	—	—	—	—

BANKS & HP—Continued

Hire Purchase, etc.

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MINES—Continued

AUSTRALIAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Acmex	12	—	—	—	—
Nov.	Apr.	Bougainville 50 Toea	139	14.3	Q15c	1.0	6.7
—		BH South 50c	110	974	—	—	—
—		Central Pacific	500	—	—	—	—
Oct.	May	Conzinc Riotinto 50c	276	14.3	§Q10c	φ	2.2
—		Cultus Pacific	31	—	—	—	—
[illegible]							

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Feb.	Aug.	Buffels R1	$13¼	2.1	Q190c	φ	16.5
Aug.	Feb.	East Drie R1	$11	2.1	Q115c	1.6	12.0
Aug.	Feb.	East Rand Prp. R1	460c	2.1	Q10c	—	2.7
June	Dec.	F.S. Geduld 50c	$21⅞	30.10	Q315c	2.4	16.6
June	Dec.	Pres. Brand 50c	$13⅞	30.10	Q150c	3.2	12.4
May	Nov.	St. Helena R1	$14½	2.10	Q190c	1.4	15.0
Aug.	Feb.	Stilfontein 50c	570c	2.1	Q66c	φ	13.4
Aug.	Feb.	Vaal Reefs 50c	$23⅝	29.1	Q280c	2.7	13.8
Feb.	Aug.	West Drie R1	$34	2.1	†Q385c	1.7	13.0
June	Dec.	West Hldgs. 50c	$26⅜	2.5	Q415c	1.4	18.1
Feb.	Aug.	Western Deep R2	$12	29.1	Q147½c	2.1	14.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26½	......
Ash Spinning	107	......
Bertam	27	......
Bdg'wtr. Est. 50p	360	......
Clover Croft	28	......
Craig & Rose £1	970	......
Dyson (R. A.) A	35	......
Ellis & McHdy	69	......
Evered	27	......
Fife Forge	54xd	......
Finlay Pkg. 5p	20½	......
Graig Ship. £1	150	......
Higsons Brew	83	+1
Holt (Jos) 25p	269	......
I.O.M. Stm. £1	176xc	......
Pearce (C. H.)	203	......
Peel Mills	29	......
Shefl. Refrshmt.	78	......
Sindall (Wm.)	120	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91¼	+⅛
Alliance Gas	110	......
Arnott	390	−10
Carroll (P.J.)	112	......
Clondalkin	94	......
Concrete Prods.	93xc	......
Heiton (Hldgs.)	59	......
Ins. Corp.	225	+10
Irish Ropes	105	......
Jacob	37	+2
T.M.G.	240	−5
Unidare	85	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	7	I.C.I.	20	Unilever	55
BOC Intl.	6	"Imps"	9	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	10
Babcock	14	Inveresk	7	Vickers	17
Barclays Bank	32	KCA	4	Woolworths	6½
Beecham	52	Ladbroke	18		
Blue Circle	16	Legal & Gen.	14	**Property**	
Boots	18	Lex Service	9	Brit. Land	5
[illegible]		Lloyds Bank	25	Cap. Counties	7

[illegible]

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FINANCIAL TIMES

Monday March 26 1979

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Mulder says Vorster lied over secrets

BY QUENTIN PEEL IN JOHANNESBURG

DR. CONNIE MULDER, former South African Minister of Information, broke his silence yesterday and accused Mr. John Vorster, the State President, and Senator Owen Horwood, Minister of Finance, of lying about their involvement in the South African Information Department scandal.

Dr. Mulder's intervention has precipitated the most serious political crisis for the Government since the first details of secret Information Department projects, including alleged massive mis-spending of State funds and bribery in foreign countries, were disclosed last year.

It coincides with an attempt to be launched in Parliament today by the official Opposition to impeach Mr. Vorster for his part in the scandal.

Political observers here believe that the resignation of Mr. Vorster, who became State President after resigning as Prime Minister last September, and the resignation of the National Party Government, have for the first time become real possibilities.

Dr. Mulder's statement, made in spite of a promise last week to withdraw from active politics, calls into question the very issue on which Mr. P. W. Botha, the Prime Minister, has promised to resign: whether any member of his present Cabinet knew of the secret State funding of the pro-Government newspaper, The Citizen, before last September, and whether any Cabinet member knew of irregularities within the Information Department before that date.

In a handwritten statement given to Rapport, the only pro-Government Afrikaans Sunday newspaper, Dr. Mulder insisted that Senator Horwood was aware of the State funding of the Citizen. He was also with Dr. Mulder and Mr. Vorster, a member of an unofficial three-man Cabinet committee responsible for evaluating the Department's secret projects and reviewing their progress, he said.

'Knew in 1975'

Dr. Mulder maintained that Mr. Vorster was aware of the plans for a State-funded English-language newspaper, which became the Citizen, as early as December 1975, although the State President said last week that he first knew of it in August, 1977.

There was no immediate substantive response last night to Dr. Mulder's challenge from Mr. Vorster, Mr. Botha or Mr. Horwood. Mr. Botha simply said that the Erasmus Commission, still investigating the activities of the Information Department and the irregularities involved, had been instructed to report on Cabinet involvement by the end of the week.

Senator Horwood said last night: "I have given evidence under oath on these issues to the Erasmus Commission of Inquiry, and I am well content to leave the matter in the hands of the Commission." He said that his attitude was unchanged from his previous denials. Senator Horwood is to deliver his annual Budget on Wednesday.

The Progressive Federal Party has launched its impeachment move in the wake of Mr. Vorster's unprecedented public intervention in the information affair last week, in which he attacked Dr. Eschel Rhoodie, former Information Secretary, and defended his record as Prime Minister.

The Opposition says that was tantamount to entering the political arena, which the figurehead State President is forbidden to do. The other principal ground for the move is that Mr. Vorster allowed Dr. Mulder to lie to Parliament in May, 1978, when he denied State funding of the Citizen, while the former Prime Minister, by his own admission, was aware that it was untrue.

The move is certain to fail. It requires 30 signatures of MPs to convene a special debate and the two main Opposition parties, the PFP and the New Republic Party, can muster only 27 votes. The other Opposition party, the South African Party, is virtually certain to support Mr. Vorster.

France urged by OECD to expand economy

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government is advised today that it should consider selective reflationary action to stimulate economic growth, which might fall below the official targets for 1979.

French official growth forecasts are again too optimistic according to the secretariat of the Organisation for Economic Co-operation and Development.

Coming amid growing industrial unrest, and only three days after the massive march by steel workers in Paris, the report on the French economy might seriously embarrass M. Raymond Barre, the Prime Minister.

M. Barre has adhered to restrictive economic policies on the grounds that inflation has not been overcome and that the progressive improvement in the trade balance over the past two years is still fragile.

However, he has come under pressure from the trade unions and the Left-wing Opposition to take expansionary measures, which would reduce unemployment.

Although the OECD secretariat recognises that high inflation is still a big obstacle and that economic policy must remain cautious, it is significantly less optimistic than the French Government about economic prospects this year. Its pessimistic forecasts last year proved correct.

Economic growth in 1979 may be closer to 3 per cent than the 3.7 to 4 per cent forecast by the French authorities, which would again be lower than the growth of productive potential.

As a result, the labour market might further deteriorate, particularly since the Government's industrial reconstruction policies will lead to considerable job-shedding.

For this year as a whole, the jobless total, now 1.35m, might increase by 150,000, the OECD says.

If the forecast of lower growth is borne out and the year-on-year inflation rate fell from last year's 9.7 per cent to about 8.25 per cent this year, as predicted by the OECD and the French authorities, the secretariat considers that demand management policy might be made "slightly more expansionary."

Too slow growth would also damage companies' cash flow, with the risk that investment would be curbed and the present industrial conversion impeded, the report states.

Economic activity might be stimulated by a more dynamic fiscal policy and growth in public expenditure designed particularly to increase investment. Although private industrial investment might grow by about 4 per cent in volume this year and public investment by 5 per cent, the OECD singles out home building as a sector that remains depressed and that might be stimulated.

The report also advocates selective stimulatory action in goods and services, on the understanding that, once private-sector demand took over, the expansionary impulse from the public sector would be phased out.

Even if Gross Domestic Product were to rise by 4 per cent this year, that would not immediately cure the French economy's basic ills, the report emphasises. Although the rise in unemployment in the past few years is partly due to structural factors, the slow-down in growth is also very much responsible.

Between 1973 and 1978, total employment fell by 120,000, whereas the labour force increased by 550,000 in spite of a reduction in immigration.

THE LEX COLUMN

ECI: time to add up the results

Equity Capital for Industry has been repeatedly described by its chairman, Lord Plowden, and by the investing institutions which backed it, as an "experiment." It was set up in 1976 to discover if there was a need for a provider of equity finance for viable companies which could not readily raise new capital from the usual market sources.

As an experiment it has succeeded in establishing a conclusion. ECI's record shows that the need for its services, as originally defined, is currently small. Endowed with £41m in capital (after initial plans for £500m) it has succeded in committing only £12m to seven companies in a little over two years. This portfolio has involved it in one disaster, Bond Worth, and another investment, Brittains, has had a subsidiary go into receivership and its shares suspended. The experiment could now be honourably ended.

Initial conditions

An important reason for this result is that the conditions under which ECI was conceived disappeared even while the experiment was being set up. The chart shows what a poor time 1974-75 was for the financial position of companies, and how this subsequently improved.

The rights issue was dead as a method of raising capital at that time. Though it has since revived, companies—apart from a burst of activity in 1975 and 1976—have shown little interest in raising equity finance. Last year rights issues totalled £500m of which about £50m were made by the smaller quoted companies within ECI's catchment area. Meanwhile companies raised some £2,500m through off-balance-sheet financing like leasing and factoring, and a sum of the same order through borrowing from banks.

Although ECI has been allotted a marginal role in what appears for the moment to be a marginal form of financing, Mr. Alan Barrett, chief executive, has persuaded his backers to allow ECI to move into "phase two" of its existence. The big change is that ECI's executives are going to go out and look for business—something which was not envisaged in the original prospectus, strange as this may seem. The assumption then was that cash-hungry companies would seek out ECI.

A management consultant's report, completed last autumn, showed that ECI remained largely unknown to the smaller quoted companies. From now on ECI will be positively marketing its services. Its catchment area remains unchanged, but ECI is now offering more sophisticated combinations of debt and equity. The experiment, says Mr. Barrett, can now really get started.

There were those, of course, the Bank of England among them, who promoted ECI in 1975 as something rather more aggressive than a financial safety net. It was to be the private sector's answer to the National Enterprise Board, which has since been variously challenging and relieving the City and industry with a welter of investments, large and small, commercial and not so commercial.

Quoted companies

But to counter the NEB would have required a far more forceful attitude by ECI's sponsors than they have ever been able to muster. It is clear that part of the problem today of the ECI executive is that the Board of directors is rather too august. These institutional leaders certainly conferred prestige upon ECI in its early days, but they now seem too aloof from the problems and decisions which the executive must face. The "equity gap" was pivotal in theory but has proved elusive in practice.

The ECI executive does not, in any case, have the messianic approach of the NEB, which the chairman, Sir Leslie Murphy, recently described as "the rallying point for an expression of national will." Alan Barrett disagrees strongly with the NEB's approach. He and his executives are less interventionist and less assertive. ECI restricts its interest to quoted companies, while the NEB has operated extensively in the unlisted area, where its activities overlap with those of the ICFC.

ECI was also supposed to have a "secondary role." It was envisaged as an instrument through which the investing institutions might collectively play a more positive part in the companies in which they were invested.

Disagreement

Though ECI has presented studies as to how it might perform this function, the idea has proved a flop. The institutions have never managed to agree whether ECI was a suitable instrument for this task, or whether, indeed, they wanted such an instrument anyway.

In this, and in its primary function as an extra provider of capital, it is possible to argue that ECI did not emerge as an important factor in the market simply because it never had the feel of success about it. The City argued long and hard while conceiving it. Some of its backers never really wanted to believe in it. Its first investment constituted a disastrous start, which made its naturally cautious administration more cautious still. The ECI bandwagon never really got rolling.

The NEB's wagon is rolling fast, yet who can say where it will lead? Will it prove capable of reaching its proposed rate of return on capital of 15-20 per cent? Or will it manage only its current 11 per cent and show itself to have been merely a "softer touch" for money than the market?

It is in a sense admirable that ECI has not attempted to buy itself a future with a large number of questionable investments which could not be easily unscrambled. Its executive has stuck to the original, rather unexciting, brief. Now, unless ECI's new and more forward approach quickly turns up a number of viable investments undiscovered by the market, it should consider its task completed.

Poll fear may bring back ambulances

BY CHRISTIAN TYLER, LABOUR EDITOR

THE REMAINING industrial action in the hospitals and ambulance service is likely to be called off this week, partly because of the possibility of an early General Election.

But the tough line taken by the Government on Civil Service pay could prolong the civil servants' disruptive action.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, will urge his national executive on Wednesday to give up the union's lone fight for health workers so that the Clegg commission on pay comparability can begin work on their claim for earnings comparable with the rest of industry.

He said yesterday that the political situation made it more urgent to get the study under way. If the Conservatives won an early election they might be tempted to "undermine" an inquiry but they could hardly do so against the full weight of the TUC if it had begun.

NUPE expects to be out-voted 12—4 at today's meeting of the hospital ancillaries' joint union negotiating committee. The other three unions have accepted the proferred 9 per cent, plus £1 a week "on account" of gains from the pay study.

A similar picture is building up for the ambulancemen's national council on Thursday, when NUPE could be out-voted 10—8 or 11—9, depending on the result of a ballot among ambulance members of the Confederation of Health Service Employees.

Meanwhile Lord Peart, the Lord Privy Seal, will today be negotiating with the Civil Service unions over the timing of pay rises for 600,000 white-collar workers.

The Civil Service Department said yesterday that he would be in "genuine negotiation" despite reports that the Government has decided to be less generous about the timing than Lord Peart has recommended it should be.

Civil servants expect rises of between 26 and 36 per cent as a result of the findings of their long-established pay research unit. An attempt by the Government to spread pay rises over a longer period than one year would be "totally unacceptable," union leaders said yesterday.

Nurses' unions, which, like the civil servants, are working on an April 1 settlement date, meet tomorrow. They have turned down a 9 per cent and "on-account" offer and some nurses are banning overtime and working to rule.

Confidence defeat would hit Budget plan

By Peter Riddell, Economics Correspondent

MR. DENIS HEALEY, the Chancellor of the Exchequer, faces a number of complications in framing even a minimum Budget if an early General Election becomes necessary after a Government defeat in Wednesday's confidence vote.

The options are wider than has so far been assumed. The main questions are whether personal income tax allowances should be changed, whether the White Paper on cash limits and Parliamentary expenditure estimates should be published, and how far Mr. Healey indicates what would have been in his Budget.

The working assumption is that if there is an election in late April or early May a short Finance Act will have to be passed before the dissolution of Parliament merely in order to renew annual taxes, mainly income and corporation tax, which would otherwise lapse on May 5.

The problem is in determining what is a no change or "care and maintenance" Budget. Under the 1977 Finance Act and its so-called Rooker/Wise amendment the personal allowances are automatically increased in line with the rate of retail price inflation in the previous calendar year unless Parliament decides otherwise.

Thus, an 8½ per cent increase in allowances—costing about £900mln 1979-80—would go ahead unless the short Finance Act contained an amendment. While this change is not a cut in taxes and merely represents a return to the real position of a year ago, it would be one of the few attractive parts of any Budget.

Less pleasant

Moreover, even on the most favourable assumptions this would push public-sector borrowing above the £8.5bn official ceilling, and leave until after the election the less pleasant revenue raising or expenditure cutting measures necessary to reduce borrowing.

Mr. Healey would probably choose to present a shortened economic statement on April 3 along with his no-change proposals. But it is unlikely that he would make a full Budget speech, as it would originally have been along with detailed projections in the Financial Statement and Budget Report (the Red Book).

The advanced state of Budget preparations increases, however, the chances of a short economic statement.

Administrative reasons connected with the start of the financial year next month may also mean that, whatever happens on Wednesday, the cash limits and spending estimates are made available. The pay and price assumptions for cash limits as a whole has already been indicated, but the size of individual blocks—required for regular control and monitoring of expenditure—should be published on Budget day.

Rail fares will rise again in September

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL, buffeted by strike action and public spending limits, has decided to raise fares again in September.

The size of the increase, to be discussed by senior executives today, will not be known until within three months of the implementation date, by which time it must be submitted to the Price Commission. Preliminary figures suggest a rise of between 7.5 and 12.5 per cent.

The decision to go for a second increase this year—fares rose by 9 per cent in January—is regarded as a psychological defeat by top railway officials.

They have striven to restrict themselves to a single annual increase in line with general inflation, to destroy memories of the disastrous 20-month period of 1975-76 when fares rose by 62.5 per cent and passenger volume fell by 4 per cent.

Passenger traffic has risen by over 6 per cent in the past two years and the Railways Board fears that it may kill this growth trend by increases in September.

Four main factors have led to redrafting of the British Rail 1979 budget, which did not include provision for an autumn fares increase when formulated in November.

These are:

- Effects of the engine-drivers' official and unofficial one-day strikes early this year. The cost is put at £13.5m.
- Impact of tight cash limits, outlined in general terms by the Treasury in February, as has been calculated by BR equivalent to a £16m cut in the railways' passengers services grant, £531m last year.
- Estimated effects of this year's railway wages settlement, due next month, which seems certain to be well over the 5 per cent budgeted for.
- A £20m cut in the passenger services grant announced in 1977, but the first £10m instalment of which is due this year.

The effect of the Government's cash limits policy is still under negotiation, and it is not certain whether the Government is using a 5 per cent or a 9 per cent pay norm in calculating the limit.

More important, the outcome of the railway pay talks is far from clear, but officials fear that the award of a 5 per cent bonus to train drivers last Friday by the McCarthy tribunal has made matters much worse.

BR hoped to limit the increase to 5 per cent plus supplements related to reducing manning levels, but the McCarthy bonus is not related to higher productivity and is certain to be followed by a parity demand.

This, it is felt, could undermine the board's position at a crucial moment in its manpower strategy, which is believed to involve buying out about 30,000 jobs in the next three years through a process of natural wastage.

British Rail's 1978 financial results are due to be published next month. They will show that the Board met its target for the freight business to break even, and that for the second year in succession it kept well within the Government's grant ceiling for the passenger business.

Dispute threatens £100m ore terminal

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE OPENING of the British Steel Corporation's £100m ore terminal at Hunterston on the lower Clyde is threatened by a dispute over who will fill the new jobs it will create.

Trial shipments are due in the next month or so and an official opening by the Queen Mother is planned for June 5.

The terminal will be able to handle the transfer of ore from 300,000-tonnes bulk carriers to rail wagons for carriage to Ravenscraig, where £220m has been spent modernising the steel plant.

The corporation wants to offer the 100 jobs there to members of the Iron and Steel Trades Confederation, the largest steel industry union, made redundant from General Terminus Quay, Glasgow, and Glengarnock.

It has already sent 19 key personnel to Hoogovens, the Dutch steel complex, for two-week training courses using unloading and stacking machinery similar to that installed at Hunterston.

But the Transport and General Workers' Union claims that the jobs at the ore terminal are new work and therefore should be filled by registered dock workers.

At the moment, there is a demarcation agreement between the transport union and the ISTC covering work at Glasgow, but attempts by the Clyde Port Authority which is responsible for the port at Hunsterston, to reach a similar agreement have so far failed.

Mr. James Davidson, managing director of the Clyde authority, is now to meet the steel corporation and ISTC before seeing transport union officials again.

Work reserved for registered dockers on the Clyde has fallen substantially and in taking its present stand the transport union is looking beyond the operation of the ore terminal to the possibility that Hunterston—one of the best natural deep water harbours in Europe—could be developed as a general port.

Mr. James Gillian, Scottish docks group secretary of the union, said that he was prepared to stop work in all ports operated by the Clyde authority if the Hunterston jobs were not designated as dock work.

He said: "We have lost many hundreds of dock jobs through voluntary severance over the last few years.

"Registered dockers are unemployed. We have got to stop somewhere and say 'enough is enough.'

"We have members who are trained in dock work, they can do these jobs. There is no way we are going to surrender this one."

The latest setback is only one of a number for British Steel at Hunterston. The terminal itself is two years late in completion and is costing three times the original estimate.

Weather

UK TODAY

RATHER cold, sunny intervals and wintry showers.

London, S.E., E., Cent. S. England

Becoming drier, sunny intervals and scattered showers. Max. 7C (45F).

N. and W. England, Channel Isle of Man, S.W., N.W. and N.E. Scotland, Orkney, Shetland

Cloudy, sunny intervals, scattered wintry showers. Max. 3C (37F).

Islel of Man, S.W., N.W. and Cent. Scotland, Cent. Highlands, N. Ireland

Sunny intervals becoming cloudy. Occasional sleet or snow later. Max. 2C (36F).

Outlook: Wintry outbreaks. Colder with some night frosts.

WORLDWIDE TEMPERATURES

Y'day midday		°C	°F			°C	°F			°C	°F			°C	°F
				Cologne	R	11	52	Luxor	S	29	84	Reykjvk.	F	−1	30
				Cpnhgn.	F	3	37	Madrid	F	14	57	Rhodes	S	18	64
				Corfu	S	18	64	Majorca	F	19	66	Rio J'o	C	25	77
				Dublin	C	10	50	Malaga	C	19	66	Rome	F	16	61
Ajaccio	F	16	61	Dbrvnk.	S	16	61	Malta	C	16	61	Salzbg.	F	17	63
Algiers	F	26	79	Ednbgh.	R	9	48	M'chstr	R	12	54	Singapr.	C	30	86
Amsdm.	C	12	54	Faro	R	16	61	Melbne.	C	17	63	Stckhm.	S	7	45
Bahrain	C	27	81	Florence	F	14	57	Milan	R	10	50	Strasbg.	C	13	55
Barclna.	R	15	59	Frankft.	R	8	46	Mntreal.	C	7	45	Sydney	F	24	75
Belfast	R	6	43	Funchal	C	18	64	Moscow	Sn	1	34	Tangier	F	19	66
Belgrd.	S	13	55	Geneva	R	10	50	Munich	F	14	57	Tehran	S	18	65
Berlin	F	10	50	Gibrltr.	F	19	66	Nairobi	R	25	77	Tel Aviv	F	19	66
Biarritz	F	19	66	Glasgow	R	6	43	Naples	F	16	61	Tenerife	S	20	68
Bmghm.	R	11	52	G'rnsey	C	11	52	Nwcstl.	F	9	48	Tokyo	S	15	59
Blackpl.	C	12	54	Helsinki	F	1	34	N. York	C	12	54	Toronto	C	5	41
Bordx.	C	16	61	H. Kong	C	18	64	Nice	R	11	52	Tunis	S	21	70
Boulgn.	F	13	55	Innsbrk.	F	14	57	Oporto	C	14	57	Valencia	F	22	72
Bristol	R	11	52	Invrnss.	C	3	37	Oslo	C	1	34	Venice	F	12	54
Brussels	C	13	55	Jersey	C	12	54	Paris	C	13	55	Vienna	S	10	50
B. Aires	S	21	70	Jo'burg	C	25	77	Perth	F	25	77	Warsaw	S	7	45
Cairo	S	24	75	L. Plms.	S	22	72	Prague	S	12	54	Zurich	C	9	48
Cardiff	R	10	50	Lisbon	C	16	61								
Cas'b'ca	C	21	70	Locarno	R	8	48								
Cape T.	C	22	72	London	C	13	55								
Chicago	C	−6	21	Luxmbg.	R	9	48								

C—Cloud. F—Fair. Fg.—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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